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Romanian cars spark controversy

Embassies disagree on U.S. distributor

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

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NEW YORK — A U.S. firm is soliciting and signing dealers for Romanian-built cars in the United States while Romanian officials on both sides of the Atlantic disagree about whether the company is authorized to import the cars.

Romanian Embassy officials in the United States say the company, Roman Motors Corp. of Miami, is not authorized to distribute the cars. But officials of Roman Motors and the Romanian Embassy in Switzerland say Roman Motors — through a complex web of international agreements — is authorized to market the cars in the United States.

While it was uncertain which Romanian government officials would ultimately prevail, Roman Motors President John Trotman said in an interview that he expected to have 100 U.S. dealers, mostly from the East Coast, signed by this week's National Automotive Dealers Association convention in Las Vegas.

Trotman said dealers were paying Roman Motors $59,500 at the time of signing for parts, signs and tools, and that they had to post letters of credit to cover six months' shipments of cars. One dealer source solicited by Roman Motors said the letters of credit were for $500,000.

Trotman said his company would market the subcompact Dacia, the four-wheel-drive Aro and the subcompact Oltcit beginning this spring. He said the Dacia and Aro would be displayed at the NADA convention and that his Swiss associates also would attend.

Meanwhile, officials of the Romanian Embassy in the United States insisted a contract to market Romanian vehicles in the United States had not been issued to Trotman or any of his European affiliates. But the Romanian Embassy in Bern, Switzerland, last Friday verified that Trotman has a contract with a Bern company, Sveltec Ltd., which is acting on behalf of the Romanian state export company, Auto Dacia of Pitesti, to sell the Romanian-built cars.

Trotman said his authority to market the cars in the United States was based on several cooperative agreements and he supported the claim by showing Automotive News a series of documents.

Trotman said the Romanian export company originally gave marketing rights for Romanian products to a company named Marimex

Preparing for the NADA convention

AUTOMOTIVE NEWS JOE WILSSENS

NADA

Record turnout of 23,000 expected; Iacocca to speak; 155 seminars set

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

It just grows and grows.

The 70th annual Convention and Exposition of the National Automobile Dealers Association, to be held Jan. 31-Feb. 3 in Las Vegas, is expected to be the biggest ever.

NADA said the 1987 convention will likely set records in the number of participants, exhibits and workshops.

As many as 23,000 franchised new-car dealers, truck dealers and representatives of allied businesses are expected to register for the four-day event at the Las Vegas Convention Center. The current high is 21,000 at New Orleans last year.

"We're looking forward to our most successful convention ever," said NADA President James B. Woulfe.

"Top management from America's greatest industry will be in the same place at the same time," Woulfe said. "We have a truly exceptional opportunity to discuss important business and transportation issues, challenges and opportunities."

All of the 10,300 available rooms reserved at NADA-approved hotels are booked. However, Las Vegas boasts 54,000 hotel rooms and procrastinating attendees who still are without reservations probably can find rooms at another inn, perhaps with assistance from the Las Vegas Convention Bureau.

As usual, this year's convention will feature prominent general-session speakers.

Lee Iacocca, chairman and chief executive officer of Chrysler Corp., will deliver the keynote address at the 3 p.m. general session on

see NADA, page 22

Incentives, long warranty added by GM

By David Versical
and Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTERS

General Motors launched attacks on two fronts last week to boost sagging sales and shore up its image on quality.

GM, which had pledged to avoid a repeat of last year's sales incentives as long as possible, succumbed to a growing industry trend and offered discounted options on Buick, Pontiac, Chevrolet and Oldsmobile models. It also matched Ford Motor Co. with a new wave of low-interest loans and rebates on its compact pickups and sport-utility vehicles.

In addition, GM announced that it will double the length of its warranty coverage to back up its contention that the quality of its cars has reached an unprecedented high.

The new plan provides a six-year/60,000-mile warranty on powertrains and six-year/100,000-mile protection against corrosion. All 1987 GM cars produced in North America are covered. The plan does not include trucks or Chevrolet's Sprint, Nova and Spectrum cars.

On Friday, just one day after GM announced the new warranty, four of GM's car divisions announced new retail incentives.

As expected (Automotive News, Jan. 12), the new incentives avoided annual-percentage-rate financing and focused on lowering transactional prices through rebates and equipment discounts.

Each division took its own approach on selected models. The Pontiac, Buick and Oldsmobile programs run from Jan. 24 to April 30. The Chevrolet program runs from Jan. 24 to March 11, and Cadillac did not announce new incentives.

Pontiac announced first. Its program includes equipment-package discounts and cash rebates, which it called "cash bonuses." The equipment-package discounts are $175 on the Fiero coupe; $875 on the Sunbird SE convertible; $325 on the Grand Am coupe; $50 on the 6000 sedan; $525 on Firebird; $275 on the Bonneville sedan; and $500 on Grand Prix. Package content varies by model.

The cash rebates are $500 on Fiero; $600 on the Grand Am coupe; $650 on Firebird and Grand Prix; $800 on the Sunbird SE convertible, 6000 sedan and Bonneville sedan; and $1,200 on the 6000 STE.

Oldsmobile offered a straight discount on optional equipment purchases, based on dollar volume, on Calais, Cutlass Ciera, Cutlass Supreme, Delta 88 and Custom Cruiser.

The discount, payable as a cash rebate, is $200 on option purchases with a manufacturer's suggested retail price of $500 to $999; $400 on purchases of $1,000 to $1,499; $600 on purchases of $1,500 to $1,-999; $800 on purchases of $2,000 to $2,999; and $1,200 on optional equipment purchases with sticker prices of $3,000 or more.

Buick adopted the same optional equipment rebate pay schedule for Skylark, Regal and LeSabre, plus Electra and LeSabre Electra Estate Wagon models, but exempted turbocharged models.

Chevrolet opted for rebates of

see WARRANTY, page 38

Sales to Japanese rise as suppliers learn rules

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

A number of U.S. auto suppliers are reporting an upsurge of business with the Japanese automakers in this country.

Leaders among those suppliers are Sheller-Globe Corp. and Johnson Controls Inc., which have landed business with all six transplants that are producing vehicles or are preparing to.

The immediate reasons for increased business from the Japanese are the growing number of transplants that are choosing suppliers and the change in the yen's value, which makes imported parts less price competitive.

Also helping has been a shift in the political climate,

see SUPPLIERS, page 25

Kusan's Roger Truley with technician in quality control

Smith: Perot wanted to run EDS his way

By Michael J. Clowes
CRAIN NEWS SERVICE

DETROIT — General Motors Chairman Roger B. Smith maintains it was H. Ross Perot's obstruction of GM management — not his criticism of Smith and the automaker — that led to Perot's ouster.

In the first interview since GM bought out Electronic Data Systems founder Perot, Smith said Perot's departure was triggered by his ". . . intense desire to run EDS

see SMITH, page 38

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NEWSPAPER

Brazil's Mendes seeks U.S. ally in truck venture

By Rik Turner and Joseph Bohn
AUTOMOTIVE NEWS STAFF

Officials of Mendes Junior, Brazil's largest construction company, are trying to set up a joint venture with a major U.S. truck company to produce Brazilian components and possibly even vehicles.

They hope this production venture may also lead to export opportunities.

Mendes' primary interest is getting a steady flow of technology from its U.S. venture partner.

Mendes officials, led by President Murilo Mendes Jr., reportedly visited PACCAR and Navistar International officials in the United States to discuss their project.

Mendes considers Navistar the better prospect of the two.

Navistar uses Cummins engines extensively in its domestically built heavy-duty trucks. Cummins also has a plant in Brazil.

Industry sources said that Navistar currently has people in Brazil, discussing a new project.

As one source observed, "Something's going on, but nobody's talking about it."

A Navistar spokesman added that if conversations took place between Navistar and Mendes Junior officials, they " didn't occur at the senior level."

He said he had no knowledge of conversations between the two companies.

Mendes reportedly hopes to close a deal — and make an announcement — as early as Feb. 18.

Reportedly, a significant point in its discussions is the equity share that its U.S. partner would have.

Mendes officials reportedly want their venture partner to have about a 20 percent stake in the new operation — not so much for the capital but to guarantee a continuing flow of technology.

Nissan's new mini
Nissan Motor Co. has introduced the Be-1, a two-door sedan targeted at Japan's youth. It is based on a one-off car exhibited at the 1985 Tokyo Motor Show. A canvas-top model will be introduced in March. The car, which is 145.4 inches long, 63.2 inches wide and 56.8 inches high, features a a glued windshield and rear window and a body made rigid through dual-reinforced sills. Powered by a 987-cc gasoline engine, Be-1 models are priced between $8,500 and $9,500. A sales target of 400 units a month has been set.

Brazil plans automobile complex; talks with Japanese disclosed

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — The Brazilian government has announced plans for an auto industry complex in Recife, the capital of the northeastern state of Pernambuco.

The target production capacity for the project is 300,000 units a year by 1995, according to Trade and Industry Minister Jose Hugo Castelo Branco.

The first company to build a plant in the Recife complex will be Gurgel, a Brazilian manufacturer of utility and specialty vehicles.

Sources in Brasilia, this country's capital, said the ministry is negotiating with two Japanese automakers who may also be interested in building in Recife.

Gurgel is currently developing a super-economy small car known as the Cena, which will go into production later this year.

The Cena, the brainchild of the company's owner and founder, Joao Conrado do Amaral Gurgel, is to be built in kit form, initially at the company's main Rio Claro plant in the interior of Sao Paulo state, and subsequently at a plant created especially for the Cena in Bahia, another northeastern state.

Thereafter, the Cena will be assembled at five sites around the country, including Recife.

The car will be sold initially to government fleets, which is expected to mean a loss of business for the country's established volume makers — Volkswagen, General Motors, Ford and Fiat.

Cena production is expected to be 60,000 units a year by the end of a three-year period, and 120,000 a year by 1992.

Europe sets new-car sales record

VW retains top spot; Japan's automakers score sharp gains

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — The European new-car market grew by nearly one million units in 1986, setting an all-time sales record.

The Volkswagen Group led the sales race for the second straight year, while the Japanese registered sharp gains.

Sales in the 17 western European markets rose from 10,643,000 in 1985, the former record, to 11,625,000 in 1986, according to industry estimates complied by Automotive News.

West Germany's Volkswagen Group, which includes VW, Audi and Seat, finished with 14.7 percent of the market. The automaker's sales increased 11.4 percent to 1,703,500.

Fiat Auto achieved the largest single gain among European automakers, recording an 11.8 percent increase that helped it hold on to second place.

Among Europe's major manufacturers, only Britain's Austin Rover suffered a sales decline in 1986.

Renault, the industry sales leader just four years ago, ended in sixth place. Renault bottomed out with less than 10 percent of the market last summer but rebounded later in the year.

The big story of 1986 was the advance of the Japanese. They briefly attained 12 percent of the year-to-date market last fall but finished with 11.7 percent after curbing shipments to Europe late in the year.

Japanese makers combined for sales of 1,358,100 cars, a 19.1 percent jump over 1985 when sales increased 9.4 percent. Critics here charge the Japanese with targeting Europe in 1986 because of the yen's sharp appreciation against the U.S. dollar.

The growth has prompted calls for protectionist measures and an opening of the Japanese market. European companies now sell about 70,000 cars a year in Japan. The Japanese already face strict limits in France, Italy, Spain and the United Kingdom.

Among major European companies, only the VW Group, Fiat Auto and Mercedes-Benz increased

see EUROPE, page 41

EUROPEAN SALES

Manufacturer	12 mos., 1986	1986 share*	12 mos., 1985	Pct. change in volume 1986 vs. 1985
VW-Audi-Seat	1,703,500	14.7	1,529,400	+11.4
Fiat Auto	1,458,300	12.5	1,304,500	+11.8
Japanese (all)	1,358,100	11.7	1,140,400	+19.1
Nissan	348,900	3.0	306,600	+13.8
Toyota	336,200	2.9	274,600	+22.4
Mazda	237,700	2.0	203,500	+16.8
Mitsubishi	141,100	1.2	116,300	+21.3
Ford	1,361,500	11.7	1,267,800	+ 7.4
PSA**	1,315,600	11.3	1,226,200	+ 7.3
General Motors***	1,287,100	11.1	1,212,300	+ 6.2
Renault	1,234,400	10.6	1,139,300	+ 8.4
Mercedes	436,600	3.8	394,000	+10.8
Austin Rover	407,800	3.5	420,100	− 2.9
BMW	296,700	2.6	290,600	+ 2.1
Volvo	267,800	2.3	254,700	+ 5.1
Alfa Romeo	171,900	1.5	161,300	+ 6.5
Others	326,000	2.8	302,400	+ 7.8
Total	11,625,100	100.0	10,643,000	+ 9.2

*—Total does not add to 100 percent because of rounding.
**—Peugeot, Citroen, Talbot
***—Opel, Vauxhall, Isuzu, GM-U.S./Canada

Korea's Dong-A seeks auto-making partner

By Andrew Tank
STAFF CORRESPONDENT

SEOUL, South Korea — Korea's Dong-A Motor Co. is hunting for a multinational partner to help it make export-quality cars beginning in 1989.

This development is part of a major expansion program at Dong-A, an ailing maker of utility vehicles and special-purpose trucks. It was rescued from financial difficulties late last year in a friendly takeover by Ssangyong Group, a large Korean construction and cement conglomerate.

Due to sensitivities about pending management changes, the three Dong-A executives contacted spoke on condition of anonymity.

They described a likely strategy that could make Dong-A a fourth major force in the Korean vehicle industry by the early 1990s, joining Korea's established vehicle makers — Hyundai Motor Co., Daewoo Motor Co. and Kia Motor Co.

The most intriguing move is the plan to find a technical collaborator for making sedans. Dong-A is prohibited from making sedans until 1989 under existing Korean government regulations, but Dong-A is already starting a search for a suitable partner from America, Japan or Europe.

Although Dong-A executives said planning is still in the very early stages, industry analysts in Korea note that Chrysler Corp. is the only one of Detroit's Big Three not to have a stake in Korea's fast-growing vehicle assembly business.

Chrysler signed a deal with the electronics giant Samsung to source auto parts in Korea. Many observers had predicted that it would be Samsung, which is itching for a crack at the vehicle business, that would rescue Dong-A.

However, the latest reports suggest that the Chrysler-Samsung parts deal is not progressing as smoothly as planned, so observers believe Chrysler may now be interested to do a direct deal with Dong-A.

Meanwhile, Kim Suk-Won, 41, now chairman of both Dong-A and the Ssangyong Business Group, is expected to make Dong-A the fast-growing flagship of his group. Its major activities are in slow-growing construction, cement, refining and paper industries. Kim aims to make vehicle making the largest contributor to his empire by the 1990s. In the first six months of 1986, Ssangyong Corp. (its trading arm) had sales of $525 million, its cement company $285 million and Dong-A just $44 million.

In 1986 Dong-A made 988 special-purpose trucks (such as cement mixers, fire engines and dump trucks), 2,745 trailers (including refrigerated versions, liquid petroleum gas tankers and military transporters), 180 express buses and 2,270 Korando utility vehicles. It exported $8.5 million worth of products, principally wheels and other parts for aftermarket use, and also a few vehicles — including 53 Korandos to Japan.

It has a technical collaboration with Nissan Diesel for making express buses and with Komatsu for making 32-ton dump trucks.

Already Ssangyong's Kim has indicated his readiness to invest heavily to back up his expansion plan. Dong-A plans to launch a four-wheel-drive station wagon this fall.

Dong-A is expected to build up production volumes, especially of station wagons and Korando utility vehicles. Current plans suggest that Dong-A will make around 10,000 station wagons next year and 15,000 to 20,000 in 1989. About 20 percent are expected to be exported to the Middle East and Southeast Asia.

In addition, Dong-A has been testing its express bus in the United States, but executives admit that it has failed to meet U.S. emissions regulations. Significant exports to North America are considered unlikely in the near future.

The rescue of Dong-A by Ssangyong could give it the financial resources to re-establish itself as a significant Korean vehicle maker.

The founder of Dong-A, Ha Dong-Hwan, started Korea's first vehicle company in January 1954, just after the Korean war had devastated most of Korea's industry. His company made the first Korean export of inter-city buses in 1967, the same year that Hyundai Motor Co. was formed, and was a crucial element in the initial stages of building Korea's vehicle industry.

But in the last few years Dong-A has been fighting an increasingly tough battle against its domestic rivals, each of which has strong multinational partners: Hyundai Motor is 15-percent owned by Mitsubishi, Daewoo Motor 50 percent by General Motors, and Kia 10 percent by Ford Motor Co. and 8 percent by Mazda.

In particular, Dong-A lost out in the government-sponsored carve-up of the domestic vehicle firms in the early 1980s. That gave Kia a monopoly of the small van market, and reserved car production for Hyundai and Daewoo. Dong-A was criticized at that stage for not merging with Kia, and subsequently found the major firms providing increasingly fierce competition.

Dong-A's last attempt to remain in the big league by taking over the ailing maker of Korando utility vehicles, Keohwa Co., was in December 1984. But this did not stop a progressive deterioration of its finances, which made it an attractive take-over proposition.

The actual takeover was a classic example of the abiding importance of close family and friendship ties in the organization of Korean business. Dong-A founder Ha visited Ssangyong chairman Kim, whose late father had had a very close friendship with him. Ha effectively offered to give Kim management control.

Press reports say that Kim paid Ha $35 million for his shareholding. That shut out other firms who were eager to buy Dong-A, notably Samsung, but also other Korean firms including Daerim and Hyosung. The powerful government bureaucracy does not seem to have been involved in the takeover, which is unusual, but no obstacles are expected to obstruct Kim's expansionary plans.

Certainly Kim is taking a close personal interest in his new acquisition. He visits the plant at least once a week, and recently appointed Choi Byung-Hang, the managing director of the planning and development office at the Ssangyong Business Group, to be president of Dong-A. Further management changes and the unveiling of a comprehensive reorganization and development plan are expected to be decided at a major meeting in February.

Import outlets, franchises up

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

The number of import-make franchises and imported-car retail outlets continued to increase last year, according to the latest Automotive News imported-car dealership survey.

Continued proliferation of imported-car nameplates in the U.S. market and some internal marketing shifts at Chrysler Motors helped increase the number of imported-car franchises to a record total of 24,065, on Jan. 1, 1987, up 18.9 percent from 20,235 one year earlier.

Although Sterling, Acura and Hyundai franchises were added during 1986, the bulk of the increase came at the start of the 1987 model year when Chrysler Motors designated all Mitsubishi-built Conquest models as Chryslers, instead of Plymouths, in effect creating a new franchise, although the company's outlet count was unaffected.

The total number of dealerships selling imported cars in the United States reached 16,969 on Jan. 1, 1987, a 3.5 percent increase from 16,392 on Jan. 1, 1986.

The franchise total and the outlet total differ because of dualing — two or more franchises often are combined in a single outlet.

The latest figure was the largest number of imported-car retail outlets in the United States since Volkswagen and Renault were reclassified as domestic makes in the early 1980s.

The import-outlet record is 17,700 on Jan. 1, 1979 when VW and Renault dealerships were counted in the import totals.

Nissan remained the non-captive import leader, staying a handful of dealerships ahead of Toyota — 1,109 franchises to 1,087 — although neither total included the separate distributorships in Hawaii. Honda

see DEALERS, page 41

IMPORT FRANCHISES

	Jan. 1, 1987	Jan. 1, 1986
JAPAN	19,326	15,962
Chevrolet captives	5,000	5,050
Chrysler captives	3,064	
Plymouth captives	3,033	3,009
Dodge captives	2,960	2,927
Nissan	1,109	1,101
Toyota	1,087	1,079
Honda	900	879
Subaru	801	819
Mazda	771	767
Isuzu	338	242
Acura	150	
Mitsubishi	113	89
WEST GERMANY	2,323	2,372
Merkur	744	783
BMW	423	433
Mercedes-Benz	422	421
Audi	412	408
Porsche	322	327
SWEDEN	773	752
Volvo	414	407
Saab	359	345
UNITED KINGDOM	503	327
Jaguar	160	167
Sterling	153	
Lotus	65	47
Rolls-Royce/Bentley	59	59
TVR	50	41
Aston Martin	16	13
ITALY	432	365
Alfa Romeo	158	144
Bertone	150	125
Maserati	73	44
Ferrari	42	42
Lamborghini	9	10
FRANCE	272	286
Peugeot	272	286
YUGOSLAVIA	260	156
Yugo	260	156
KOREA	161	
Hyundai	161	
MISCELLANEOUS	15	15
TOTAL	24,065	20,235

Dodge chooses Dynasty tag for 1988 big car

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

The Dodge version of Chrysler Motors' new front-wheel-drive luxury sedan will be called Dynasty when it debuts as a 1988 model.

Dealer sources reported the name designation.

The new full-sized C-body sedan for the Dodge and Chrysler nameplates will be the first of a series of upscale, high-tech Chrysler Motors models in that class.

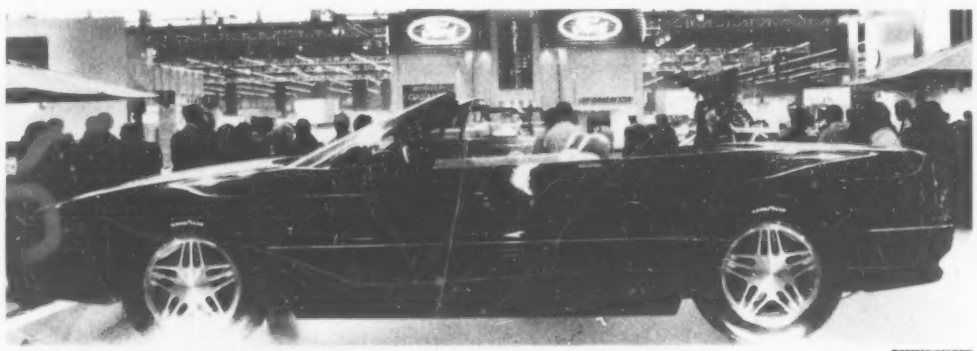
Chrysler Motors Chairman Gerald Greenwald has said a four-door sedan "will come out somewhat early in the 1988 model year" and launch the new car line (Automotive News, Nov. 3, 1986).

"We have a tentative plan in numbers of body styles that starts with the early 1988 model and goes out to a three-year plan," Greenwald said.

In addition to the C-body, Chrysler Motors has been looking at both Chrysler and Imperial Y-body models — upscale, stretched versions of the C-car that are due in 1989.

The new generation of luxury cars will be built at Chrysler's Belvidere, Ill., assembly plant. Omni-Horizon production at that plant is expected to end in early March.

Greenwald has said the C-bodies will take Chrysler into "the high-technology luxury-car business with both feet." He has said the models have "high-technology V-6 engines, terrific transmissions and all the electronics anyone could want."



GAMMA-LIAISON

Lincoln Vignale: seems to be heading into the real world — despite company claims to the contrary

NEW FORDS: *Future of Mustang stirs argument, but other programs move ahead*

By Al Fleming
AUTOMOTIVE NEWS STAFF REPORTER

Planning for the future of the rear-wheel-drive Mustang has turned into a full-blown donnybrook at Ford Motor Co.

The debate is raging between product and financial people on the company's product committee.

Product planners want to keep the venerable rwd Mustang rolling for many years. But that would require considerable investment for — among other things — a new suspension and new passive-restraint system.

Those on the financial side don't want to spend the money. They would rather see the rwd Mustang eased into a peaceful death — no later than the end of the 1989 model year.

As things stand, the rwd Mustang will remain in the Ford stable through that season. Its fate beyond is in question.

Meanwhile, a 1988 front-wheel-drive Mustang IV will be introduced next fall, produced by Mazda Motor Manufacturing U.S.A. at its new plant in Flat Rock, Mich.

The pending arrival of the two-door Mustang IV, based on the fwd Mazda 626, is adding fuel to the Dearborn controversy.

Product planners argue that the old Mustang should be retained as well because, although the current base rwd Mustang is nine years old, it was the best-selling small-sporty car in the United States in calendar 1986 with 167,699 sales.

Moreover, the Mustang's 6 percent gain last year went against the industry tide, which saw the small-sporty segment decline 8 percent.

Planners contend it would be unwise to send the popular, macho rwd Mustang to the grave, surrendering the compact sporty-car segment to General Motors' Camaro/Firebird, while replacing it with what rwd Mustang advocates call "a fwd Japanese sewing machine."

The product planners would prefer to update the rwd Mustang and keep it going through the 1994 model year, while augmenting it with the fwd Mazda version.

Because of General Motors' cancellation of its GM80 program — which was to have provided fwd successors to the present Firebird/Camaro — those GM rwd models will continue into the early 1990s.

As things stand, two Mustangs could show up in Ford dealer showrooms in the 1988 model season — one from Ford and one from Mazda — unless the Mazda-made Mustang IV gets a different name. Some Ford insiders are concerned that two different Mustangs in the same showroom might bewilder customers and affect both models adversely.

Meantime, Ford's product pot continues to boil.

Production prototypes of the 1988 fwd Continental are now being built in Dearborn.

Production of the Taurus-based Continental, code-named FN9, will begin in a few months at Ford Motor Co.'s assembly plant in Wixom, Mich.

'88 fwd Continental

AUTOMOTIVE NEWS JOE WILSSENS

Another car, codenamed the FN36, will become the 1990 Lincoln Town Car. A large rwd model with an all-new platform, it looks like an aerodynamic limousine.

A car codenamed MN12 will become the midsize 1989 Thunderbird and Cougar. It is similar to the Taurus/Sable in basic design, but sportier.

The super-aerodynamic MN12 will have a supercharged 3.8-liter V-6 engine with sequential-port fuel injection.

FN10 is the codename for the 1991 Lincoln Mark.

That program has not yet been approved. But the car is based on the MN12, which means it will be rwd. A few prototypes have been built and are being kept under extremely tight wraps.

The Lincoln Vignale, a two-passenger convertible concept car, unveiled last fall in Paris and in North America at the Detroit Auto Show this month, seems to be heading into the real world — despite company claims to the contrary.

Designed by Ford's North American design center and fabricated by Ford's Italian facility, Ghia S.p.A. in Turin, Italy, the Vignale is the company's version of a high-performance luxury touring car of the 1990s.

In show dress, the Vignale has a hardtop roof with unusually high glass area, as well as a fabric roof that can be used either up or down.

The Vignale was created to include all-wheel drive, four-wheel anti-lock disc brakes, four-wheel independent suspension and a load-leveling air suspension with automatic soft/firm ride control.

It is designed to be powered by a front-mounted V-8 capable of accelerating the car from zero to 60 mph in less than eight seconds.

Functional prototypes of the Vignale are now being built. The car's first and foremost requirement is a stiff, performance chassis.

The Vignale would compete in the personal luxury-car segment against Cadillac Allante and Chrysler TC Turbo by Maserati.

Finally, a task force in Ford product development has been assigned to work on the next-generation Taurus/Sable, a no-date program but with a likely target around 1992.

Notchback, wagon due for Merkur

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

PALMA, Mallorca — Lincoln-Mercury's Merkur line in the United States will get notchback and wagon versions of the German-built Ford Sierra beginning in 1988, company insiders say.

In addition, sources said the Merkur Scorpio, which is set to debut in the United States in mid-May, will be offered in two price packages as a concession to the dollar's rapid fade against the German mark.

Ford Motor Co. has ruled out offering Scorpio with the highly touted Mustang GT 5-liter V-8 engine as an option, though sources say a prototype was built.

Ford of Germany officials gathered here to preview revisions to the European Sierra — one version of which is the Merkur XR4Ti launched in the United States nearly two years ago.

A notchback model is joining the Sierra line in Europe simultaneous with the updating of the five-year-old design. Insiders said the new Sierra sedan and the existing wagon will be added to the Merkur lineup in the United States, probably in mid-1988.

The U.S. prestige market in which Merkur competes has generally favored sedan designs. At the same time, station wagons — as demonstrated by the success of Volvo and lately the Mercury Sable wagon — are growing in popularity in segments dominated by young, affluent buyers.

Ford officials in Dearborn originally hoped to market the Scorpio at one price with no options, but a Ford source last week said "that price would have been too high."

Plans now call for two levels — a base version and a fully equipped model costing about $3,000 more. Scorpio is expected to be positioned in the $25,000-$30,000 region, but the fading dollar means a final pricing decision will be delayed as long as possible.

The car will be powered by Ford of Europe's revised V-6 engine (now 2.9 liters) introduced on the Scorpio in Europe last fall.

Lincoln-Mercury has said the delay in introducing the car was due chiefly to engineering changes as executives sought an improved performance package.

There was speculation that L-M had eyed the Mustang V-8 as an engine alternative. Sources here confirm that a prototype was built, but proved, among other things, to be nose-heavy and generally unwieldy.

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61st year—No. 5164

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TRUCK INDUSTRY

'86 is best ever with 4.8 million

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

New-truck sales in the United States rose to a record 4,870,839 in calendar 1986, up 4.0 percent from the previous peak of 4,681,698 in 1985.

It was the sixth straight year of truck sales increases.

Executives anticipate a small decline in the light-truck segment this year.

They also look for modest increases in the medium- and heavy-truck segments, with the shift of Class 8 buyers into Class 7 expected to continue.

Peter E. Rupp, president and chief executive officer of Freightliner Corp., anticipates Class 8 sales of 120,000 in calendar 1987, up from 112,871 last year.

His prediction is based on the need to replace aging truck fleets and economic and regulatory factors affecting the industry.

Freightliner edged Mack for the No. 2 spot in Class 8 sales behind Navistar. However, Freightliner's sales, like those of others in Class 8, were off for the year.

Rupp said his company has a strong order board and has increased production during the past four months. He said Freightliner foresees no plant closures or layoffs.

Ford has also seen an increase in its medium- and heavy-truck orders and has been considering overtime at its Louisville, Ky., plant.

David D. Litchfield, manager of Ford's heavy-truck advertising and merchandising department, said he looks for Class 8 to account for a strong 40-45 percent of the medium/heavy market for the foreseeable future.

Class 8 sales of 112,871 in 1986 were off 15.5 percent from the 1985 total, according to the Motor Vehicle Manufacturers Association.

Class 6 sales of 44,796 were down 7.4 percent from the previous year.

Classes 5 and 7, nudged by the Japanese, were up last year.

Class 5 sales of 5,905 were up 16.2 percent from the previous year. Class 7 sales of 100,713 were up 3.9 percent. No Class 4 sales were reported.

Sales of light-duty trucks — Classes 1-3 — reached 4,606,554 last year, up 4.7 percent from the previous year's 4,397,705.

December Truck Sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-4	14,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1986	TOTAL 1985
CHRYSLER	MO	65,184					65,184	45,931
	YR	596,159					596,159	606,388
JEEP	MO	21,439					21,439	20,643
	YR	207,514					207,514	181,380
TOYOTA	MO	35,204					35,204	32,884
	YR	384,916					384,916	329,930
NISSAN	MO	20,375					20,375	15,550
	YR	223,551					223,551	255,601
MAZDA	MO	14,742					14,742	10,125
	YR	157,127					157,127	115,464
AMERICAN ISUZU	MO	9,349					9,349	7,977
	YR	88,720					88,720	78,149
MITSUBISHI	MO	3,772					3,772	1,906
	YR	34,985					34,985	26,739
SUZUKI	MO	6,795					6,795	1,607
	YR	47,732					47,732	2,646
FORD	MO	116,789		1,684	3,222	993	122,688	97,742
	YR	1,324,885		12,643	32,624	11,286	1,381,438	1,271,809
FREIGHTLINER	MO					1,723	1,723	1,873
	YR					17,473	17,473	18,054
CHEVROLET	MO	94,002	24	475	960	35	95,496	106,584
	YR	1,229,437	314	7,476	9,836	531	1,247,594	1,300,130
GMC	MO	26,128	475	285	1,174	568	28,630	28,326
	YR	306,580	5,327	6,723	19,188	7,229	345,047	352,129
KENWORTH	MO					1,063	1,063	1,658
	YR					10,457	10,457	11,830
MACK	MO			316	343	1,934	2,593	2,725
	YR			2,623	2,678	17,247	22,548	28,607
MERCEDES	MO			195	313		508	408
	YR			2,087	1,929		4,016	4,202
NAVISTAR	MO			1,463	2,234	2,278	5,975	6,474
	YR			12,789	31,930	26,303	71,022	72,386
PETERBILT	MO					999	999	1,298
	YR					9,992	9,992	11,941
VOLVO	MO				181	1,213	1,394	1,661
	YR				1,459	11,361	12,820	13,316
HINO	MO		54	46	89		189	0
	YR		54	344	640		1,038	0
NISSAN DIESEL	MO		54	31	77		162	0
	YR		204	91	429		724	0
ISUZU TRUCK OF AMERICA	MO	479	6				485	0
	YR	4,948	6				4,954	0
OTHER DOMESTICS	MO			2		56	58	55
	YR			20		992	1,012	987
GRAND TOTAL	MO	414,258	613	4,497	8,593	10,862	438,823	385,426
	YR	4,606,554	5,905	44,790	100,713	112,871	4,870,839	4,681,698
1985 YR to DATE		4,397,705	5,081	46,358	96,973	133,581		

Class 1-4 sales data reported by individual manufacturers; Class 5-8 data reported by Motor Vehicle Manufacturers Association.

New Navistar drivetrain

SDT system is for construction trucks

CHICAGO — Navistar International Corp. is offering a new simplified heavy-duty drivetrain system for its International S-Series and Paystar trucks used in the construction business and other severe-service applications.

Called SDT (for Simplified Drive Train), the system features a new Cummins L10 high-torque-rise diesel engine that has been matched with a new wide-split Spicer 9505-2A heavy-duty direct drive 5.2 transmission.

The engine is available in 250- and 285-horsepower versions and has a 1,300-2,200-rpm operating range, 100 more rpm than a conventional L10 engine.

The L10 engine produces nearly constant horsepower throughout the entire operating range, allowing effective matchup with a wide-split transmission.

The transmission has torque capacity of 950 pounds-feet. It was developed specifically for severe-service applications by Navistar, Cummins and Spicer engineers, said Robert M. Shaughnessy, Navistar senior vice president, marketing and sales.

Shaughnessy said company tests found trucks with the SDT system to be up to 12 percent more fuel efficient and up to 310 pounds lighter than similarly equipped competitive construction trucks.

The wide operating range of the L10 engine also allows it to be matched with a higher rear-axle ratio, while maintaining the same road speed as an engine rated at 2,100 rpm.

The SDT system is available exclusively on International 2500 and 2600 heavy S-Series models, as well as Paystar and Paystar Weight Watcher on/off-highway conventional construction and severe-service truck models.

For normal situations, the SDT Spicer 9505-A2 transmission is a simple shifting five-speed with direct drive.

For ease of operation, it has only one shift lever.

For off-highway applications, the transmission has two additional forward gears: a 13.9 forward gear for most off-road situations and a 24.36 low-low forward gear for applications such as unloading asphalt where fine speed control is needed.

There are also two reverse gears: a normal reverse of 8.53 and a deep reverse of 24.36 for controlled speed in backing situations.

Rockwell merges divisions making brakes and axles

TROY, Mich. — Responding to a changing global marketplace, Rockwell International Corp.'s Automotive Operations has formed an On-Highway Products Organization.

Ronald L. Roudebush was appointed president.

The restructuring consolidates product planning and development, manufacturing, research and engineering, sales, marketing and finance functions of the former Brake and Trailer Axle and On-Highway Axle divisions.

Don DeFosset is executive vice president of the On-Highway Products Organization. He is responsible for all its activities outside North America and will direct the operations of manufacturing locations around the world.

Roger T. Morgan is vice president, manufacturing, for the group. He will report to DeFosset and be responsible for all operations of the organization's domestic manufacturing facilities.

David C. Blumenstein is vice president and controller, finance. He will direct the new organization's financial activities.

Halden L. Booth is sales vice president. He is in charge of all original-equipment manufacturer and government sales activities, as well as field operations.

Roudebush

DeFosset

Leonard C. Buckman is vice president, brake products. In that newly established position, he will focus on the planning and development of brake systems, including technical support and functional coordination globally.

Gerald DeClaire is vice president, research and engineering. He is responsible for the design, development, testing and applied research for the On-Highway Products Organization.

Harold E. Krivan is vice president, marketing, business development and service parts. He is in charge of managing and expanding the service parts business and also manages marketing programs, training and communications.

In addition to being president of On-Highway Products, Roudebush will also be acting vice president — axle products. In that newly established position, he will be responsible for axle systems, product planning, technical support and functional coordination on a worldwide basis.

SERVICE MANAGEMENT

Service stressed by new imports

Hyundai, Suzuki, Range Rover discuss their requirements

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

America is the land of opportunity for importers of automobiles. In the last 18 months, six nameplates have entered the U.S. market. They are Acura, Hyundai, Range Rover, Sterling, Suzuki and Yugo.

Whether those ventures succeed depends not only on the products offered, but the service with which the importers back them.

Representatives from three of those ventures, Suzuki, Range Rover and Hyundai, discussed the issues involved in establishing a service network.

The importers must train their dealers to repair the new products, and they must provide specialized tools and a parts network that can provide replacement components quickly. They must see to it that their dealers have the proper facilities.

Also, the vehicles must prove to be reliable, given the U.S. driving environment and the habits of the American driver.

William A. Charles, director of service operations for Suzuki of America Automotive Corp., has been on the ground floor in the establishment of three service networks.

In 1972, Charles helped set up the service operation of Mazda's then-new Midwest dealer network.

He worked to establish the DeLorean service and parts network in 1979.

Establishing a service network for Suzuki, which sells the four-wheel-drive Samurai, has been the smoothest of the three operations, he said. The company started with 50 Western and Southeastern dealers last fall and now has 112 dealers in the Western and Eastern U.S.

Charles said, "We have had a wonderful start-up. We have high customer satisfaction based on surveys, and we have had low warranty claims and costs."

He attributed the success of the Suzuki service start-up to the quality of the product and the skill of the dealers and service personnel.

Mazda, he said, had a rocky service start. "Mazda had a good product for its day, but the rotary engine burned oil in the normal course of operation," he said. "That was about the time self-service gas stations came into being. Consumers weren't used to checking oil levels regularly, and low oil levels led to maintenance problems."

In the case of the DeLorean, Charles said, "The car hit the market too fast. The start of the service and parts operation was a success, but the car suffered from component failure and wasn't manufactured for a long enough period to smooth out the glitches."

He called the Suzuki Samurai, which has been manufactured in some form for 16 years, a "simple workhorse."

"Part of our joy is that it doesn't fail," Charles said.

The Samurai has a carbureted, four-cylinder, four-cycle aluminum engine — a basic powerplant to experienced mechanics. However, Charles said, the 4wd system may be new to some technicians.

Mechanics participate in a two-day, bumper-to-bumper familiarization course as well as Power Drive School to learn drivetrain repair. Suzuki has training schools in Orange County, Calif.; and Atlanta. Plans also call for a training school in metropolitan New York.

Charles said mechanics need mostly standard garage tools to repair the Samurai. The company sells its dealers a special tool package for about $500.

Dealers also must buy a start-up parts package that costs about $5,000. Charles said dealers usually order more parts than those in the basic package.

He claimed Suzuki has a 97 percent fill rate on dealer-ordered parts — that is they can ship those parts from U.S. stocks immediately.

He also said the Samurai lends itself to accessories and dealers do well in that area.

The Range Rover is a considerably more exclusive and complex 4wd vehicle than the Samurai. Scheduled for a March introduction in the United States, it will be sold initially at 36 dealerships in Western and East Coast states. Plans call for the network to be expanded during the year to 65 dealerships in major urban markets across the country.

David A. Schworm, general manager — service for Range Rover of North America, said, "The disadvantage of establishing a new organization is that you have to start from scratch. The advantage is that you have the ability to select the best new people."

Range Rover's dealers each send one mechanic to the factory in Great Britain for training.

Schworm said factory training "establishes solid competence in the product. It also gives the mechanic a memorable experience and an allegiance with the product.

He added, "Porsche and Mercedes mechanics in the United States often own an older model that they maintain. Range Rover mechanics don't have that opportunity yet" because the product is new to the U.S. market.

The factory program includes repair procedures, training in off-road driving and a plant tour.

Range Rover also has a training facility in Lanham, Md., where its U.S. operations are based.

That facility will be used by dealer mechanics as well as company field personnel.

To ensure that parts are readily available, Range Rover has contracted with Caterpillar Tractor Co. to distribute parts. Caterpillar has a tremendous reputation in the diesel-engine and earthmover business for supplying spare parts.

The parts will be distributed from Memphis, Tenn., the hub of Federal Express, so overnight shipments are possible.

Range Rover has special maintenance and repair requirements and some specialized tools are needed.

For example, Schworm said, basic Range Rover maintenance requirements exceed those of the the average small sedan — a lube job requires 21 quarts of fluid.

The vehicle also requires special handling in the service bay.

Range Rover dealers are dualed with other high-line makes, and the importer does not require the dealer to build a separate service facility. Dealers, however, must have a work stall and hoist dedicated to Range Rover.

The required hoist is manufactured by a company in Denmark and is suited to the special needs of the vehicle, Schworm said. It must also be painted in the green, yellow and black Range Rover theme.

Dealers also must purchase a special tool kit that includes advanced diagnostic equipment. The kit costs about $3,000.

Hyundai dealers are not dualed with other makes and the company has more control over its dealer facilities. Dealers sell the Hyundai Excel in three-door, four-door and five-door versions.

Suzuki technicians work on a Samurai

The floor of the service area must be light gray and walls must be gray and white and ringed by a blue stripe, said Eric W. Bondus, national manager of service training and warranty for Hyundai Motor America.

Bondus said, "We laugh about it being a McDonald's approach. In consistency, there is the benefit of acceptance. The customer knows where everything is and is familiar with the surroundings."

Because dealers have used-car business, repair stalls can accommodate cars ranging in size from "a Fiat 850 to a Ford one-ton pickup," Bondus said.

He also noted that the company plans to be a full-line importer by 1990, offering cars in other sizes than the Excel.

Hyundai offers garage equipment to its dealers at a national buying price and offers a tool package that includes electronic diagnostic equipment.

In its first year of operation, Hyundai has a parts fill rate of 95 percent, Bondus said. He claimed that is comparable to the top Japanese makes.

Hyundai started with 65 dealers and now has 162 in 30 Western, Eastern and Southern states. The company plans to expand to the Midwest and Northwest, and Bondus predicted it will have 260 dealers in 48 states within 1½ years.

To service customers in the Central United States before dealers are appointed, Hyundai has set up a Customer Assistance Program — a network of 100 independent service outlets that have access to technical assistance, training materials and overnight parts shipment. Bondus said those outlets will remain in operation after dealers in the Central states are appointed.

"There is still a lot of room between dealers," he said.

Bondus said Hyundai looked for experienced dealers who were aware of the importance of the backshop and used-car sales.

He said, "For some dealers, all units — sales, parts and service, and used cars — are profit centers. Other dealers concentrate on new-car sales and regard the other departments as a necessary evil. We looked for balanced dealers."

He added, "Our dealers own five to six dealerships on the average and have been in the business for 17 years on the average."

Bondus claimed the Hyundai has proven exceptionally reliable.

"One dealer told me he feels like the Maytag repairman," he said.

To generate additional business in the backshop, dealers distribute spare parts and body sheet metal to the aftermarket. Dealers also retail parts and accessories that customers might find in the auto section of department stores.

Hyundai has training facilities in New Jersey; Atlanta; and Orange County, Calif. Technicians receive three days of intensive training on engine, transmission, brakes, suspension, steering and other major systems.

The top technician in the dealership is the first to attend the company training session, followed by the number two technician. At the dealership, training videos and workbooks are distributed and additional technicians may attend the schools at no charge.

Also, the service manager is required to attend a one-day course.

Asked if he would change anything in starting a new service network if he had to do it over, Bondus replied, "Picking the best people takes a long time. We were understaffed at the start. But its better to be understaffed than not to have the best."

Shop volume slips in November, first dip since February

SERVICE INDEX
97.7★

	Nov., '86 vs. Nov., '85	11 mos., '86 vs. 11 mos., '85
Gross Profit on All Labor and P&A Sales	+0.4%	+6.9%
Repair Orders Written	−7.9%	−0.3%
Total Labor Sales (Customer & Warranty)	+0.7%	+8.4%
Shop Parts Sales (Customer & Warranty)	− 3.3%	+6.3%
Sales of All P&A	− 1.2%	+3.6%

★—Survey by Automotive News shows that dealers' service and parts business in November 1986, was 97.7 percent of business in November 1985. Service business in the first 11 months of 1986 was 105.0 percent of business in the corresponding period in 1985.

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

Service and parts business at new-car dealerships declined in November, the first drop in the Automotive News Service Index since February 1986.

Service volume for the first 11 months of 1986, however, continued to outpace volume during the corresponding 1985 period.

The Service Index shows that shop business at dealerships in November amounted to 97.7 percent of the volume in November 1985.

In the first 11 months of 1986, service volume was 105.0 percent of that in the 1985 period.

Dealers and service managers said slow new-car sales, fair weather in some areas and fewer working days than in the previous November stalled service business for the month.

A Northeast Chevrolet dealer said service business slipped because of lagging new-vehicle sales and "a loss of productivity due to mechanics attending schools."

A Northwest Dodge-BMW dealer said, "Service declined as warm weather continued through November. Cold weather brings in service customers."

On the other side of the coin, a Midwest Buick-Pontiac dealer said "Business increased by 11 percent. Colder weather required customers to bring cars in for winter get-ready service earlier than normal."

A Southern Chevrolet dealer said there were only 19 working days at his firm in November 1986, compared with 23 a year earlier.

An Eastern Oldsmobile-Saab-Volvo dealer said, "Repair orders as a measurement of volume in November 1986 were 86 percent of the November 1985 total. If there had been 20 service days in November 1986, as there were in November 1985, volume would have been 90 percent of a year ago. The difference of one day can have a significant impact."

In November, total labor sales (customer-paid and warranty) showed a gain of 0.7 percent. Gross profit on all labor, parts and accessories sales was up 0.4 percent.

Sales of all parts and accessories were down 1.2 percent; shop parts sales (customer-paid and warranty) were down 3.3 percent; and repair orders written were down 7.9 percent.

Parts and accessories sales to off-premises customers were up 0.4 percent in November.

Total labor sales registered the biggest gain in the first 11 months of 1986, climbing 8.4 percent.

Gross profit on all labor, parts and accessories sales rose 6.9 percent through November; shop parts sales increased 6.3 percent; and sales of all parts and accessories climbed 3.6 percent.

Repair orders written through November fell 0.3 percent.

Parts and accessories sales to off-premises customers were up 0.7 percent through November 1986.

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FTC probes demos sold as new

By John Baer
SPECIAL CORRESPONDENT

HARRISBURG, Pa. — The Pennsylvania Automotive Association is warning members that Federal Trade Commission "mystery shoppers" are active in Pennsylvania and adjoining states. The shoppers allegedly are seeking to determine if demonstrators are being sold as new cars in violation of FTC rules.

The association said the FTC is investigating dealers in Maryland and Virginia for violations of the FTC Used Car Rule.

"Under federal law," the PAA said, "a new car, including a demonstrator, must have posted on the window the new Monroney label until the first retail sale."

The Monroney label is the federal price sticker.

"In addition, if the car is a demonstrator, it is defined as a used car for purposes of the FTC Used Car Rule," the PAA said. "Before a dealer offers a demonstrator for sale to a customer, it is imperative that the FTC Used Car label be on the car."

Technically, according to the Pennsylvania dealer association, dealers face a $10,000 fine for not having the label on the car prior to offering it for sale.

"One of the techniques used by the 'mystery shoppers,' " the association said, "is to observe salesmen using demonstrators, and to ask a salesman as he exits whether the car is for sale. If the salesman answers 'yes' without placing an FTC sticker on the car first, this is a technical violation, and the dealer can be cited."

NOVEMBER TRUCK REGISTRATIONS

		6000 & LESS GVW GRP 1	6,001-10,000 GVW GRP 2	10,001-14,000 GVW GRP 3	14,001-16,000 GVW GRP 4	16,001-19,500 GVW GRP 5	19,501-26,000 GVW GRP 6	26,001-33,000 GVW GRP 7	33,001- & OVER GVW GRP 8	TOTAL 1986	TOTAL 1985
DODGE	MO	29,037	10,177							39,214	34,151
	YR	276,425	138,059							414,484	460,777
*DAKOTA, RAIDER, CARAVAN, RAM VAN/CHARGER/50/WGN	MO	26,911	5,151							32,062	24,098
	YR	236,993	83,074							320,067	311,186
PLYMOUTH VOYAGER	MO	7,553								7,553	8,302
	YR	95,353								95,353	95,306
TOTAL CHRYSLER CORP.	MO	36,590	10,177							46,767	42,453
	YR	371,778	138,059							509,837	556,083
FORD	MO	51,691	31,927				1,087	2,096	745	87,546	108,714
	YR	740,867	439,756	3			10,111	27,041	9,788	1,227,566	1,134,312
*VAN, BRONCO, RANGER & AEROSTAR	MO	39,130	11,131							50,261	65,425
	YR	549,034	134,324							683,358	567,769
FREIGHTLINER	MO								1,232	1,232	1,316
	YR								15,014	15,014	16,451
MERCEDES-BENZ	MO						159	160		319	397
	YR						1,809	1,407		3,216	4,066
TOTAL DAIMLER-BENZ CORP.	MO						159	160	1,232	1,551	1,713
	YR						1,809	1,407	15,014	18,230	20,537
CHEVROLET	MO	40,573	29,567	2,095	34	20	510	736	41	73,589	104,459
	YR	658,606	444,159	25,598	365	269	6,590	9,364	425	1,145,395	1,150,330
*VAN, EL CAMINO, S10 BLAZER & ASTRO	MO	31,334	9,720							41,054	69,200
	YR	503,985	163,333							667,318	655,346
GMC	MO	8,535	9,165	212	21	657	603	1,033	557	20,783	28,614
	YR	148,541	125,423	2,514	215	4,253	5,870	16,746	6,472	310,037	319,482
*VAN, JIMMY, S15, CABALLERO & SAFARI	MO	8,365	2,848							9,213	15,902
	YR	109,785	41,556							151,341	150,598
TOTAL GM CORP.	MO	49,108	39,752	2,307	55	677	1,113	1,772	598	94,382	133,073
	YR	807,146	569,582	28,112	603	4,522	12,460	26,110	6,897	1,455,432	1,469,812
INTERNATIONAL	MO						1,096	1,785	2,179	5,060	6,284
	YR						18,016	19,514	23,473	61,003	66,691
JEEP TRUCK	MO	13,795	1,725							15,520	21,688
	YR	156,719	15,166							171,885	159,281
*WRANGLER/CJ's, CHEROKEE, WAGONEER & SCRAMBLER	MO	11,161	1,626							12,807	18,449
	YR	127,931	13,814							141,745	152,176
MACK	MO						135	161	1,165	1,461	2,019
	YR						2,083	2,092	15,067	19,242	26,438
KENWORTH	MO								923	923	1,007
	YR								9,831	9,831	10,505
PETERBILT	MO								841	841	918
	YR								9,026	9,026	11,067
TOTAL PACCAR CORP.	MO								1,764	1,764	1,925
	YR								18,857	18,857	21,572
AUTOCAR	MO								112	112	123
	YR								1,512	1,512	1,572
VOLVO	MO							129	67	196	251
	YR							1,222	939	2,161	2,205
WHITE	MO								669	669	744
	YR								6,602	6,602	7,639
TOTAL VOLVO WHITE CORP.	MO							129	846	977	1,118
	YR							1,222	9,053	10,275	11,616
WESTERN STAR	MO								269	269	92
	YR								997	997	1,044
MISCELLANEOUS DOMESTIC	MO		155					7	141	303	478
	YR		2,839					99	1,908	4,846	5,282
OTHER IMPORTS	MO	53,159	461	502	49	21	29	86	12	54,328	65,046
	YR	837,632	8,592	5,267	678	284	291	753	65	853,580	796,197
GRAND TOTAL	MO	214,343	83,197	2,809	104	698	3,618	6,206	8,953	319,928	384,603
	YR	2,914,142	1,173,994	33,402	1,279	4,806	44,770	78,238	101,119	4,351,750	4,270,865
1985 YR. TO DATE		2,767,701	1,213,677	33,918	815	5,884	53,402	71,317	124,151		

*—INCLUDES MULTIPURPOSE VEHICLES.
Compiled from official State Records by R.L. Polk & Co. Manufacturers' sales records are used in compiling Oklahoma for 1985 and 1986.
Registrations for Massachusetts are temporarily delayed.

U.S. IMPORT SALES

	Dec. 1986	Dec. 1985	12 Mos. 1986	12 Mos. 1985
ACURA	9,280	0	52,869	0
Integra	5,038	0	27,807	0
Legend	4,242	0	25,062	0
ALFA ROMEO	574	182	3,201	4,402
AUDI	3,788	6,343	59,797	74,061
4000S	813	1,219	12,263	17,448
4000CS Quattro	417	579	4,174	4,897
5000S	1,496	3,396	30,810	39,880
5000CS Turbo	361	647	6,303	7,717
5000CS Turbo Quattro	503	223	3,400	451
Quattro Coupe	0	2	1	73
Coupe GT	198	277	2,846	3,586
BMW	10,472	7,651	96,759	87,832
318i	8	451	907	23,112
524 TD	23	226	1,759	1,847
325	6,430	4,140	60,915	30,793
528e	2,102	1,163	15,880	11,260
535i/535iS	765	679	7,377	7,038
635CSI	385	351	2,979	3,824
735/L-7	759	641	6,942	9,938
CHEVROLET	11,418	9,423	160,363	84,860
Spectrum	7,934	4,549	99,380	53,968
Sprint	3,484	4,874	60,983	30,892
CHRYSLER/MITSUBISHI	12,584	13,506	135,529	105,213
Colt	7,924	10,298	93,344	76,215
Conquest	1,107	507	7,089	5,387
Vista	3,553	2,701	35,096	23,611
HONDA	40,306	40,866	405,399	406,413
Civic/CRX	17,876	22,676	212,791	208,031
Accord	12,607	12,735	112,767	122,444
Prelude	9,823	5,455	79,841	75,938
HYUNDAI	22,412	0	168,882	0
ISUZU	4,662	1,918	38,910	26,953
I-Mark	3,414	1,264	26,046	12,780
Impulse	1,248	654	12,864	14,173
JAGUAR	2,757	3,114	24,464	20,528
XJ6	2,112	2,409	19,579	16,744
XJS	645	705	4,885	3,784
MASERATI	60	63	1,179	1,353
MAZDA	28,299	25,468	222,716	211,093
323	9,062	9,181	74,082	64,444
626	12,675	10,878	92,431	92,839
RX-7	6,562	5,409	56,203	53,810
MERCEDES BENZ	13,772	10,320	101,404	89,098
190	3,040	2,248	21,897	25,691
260E	526	0	859	0
300	3,849	2,602	28,302	23,587
300SDL Turbo	1,087	104	7,143	6,746
420SEL	2,073	1,827	16,148	10,885
560SEL	1,164	692	10,153	7,842
560SL	1,729	1,343	12,565	10,508
560SEC	224	303	2,247	1,638
Tourist	80	201	2,090	2,201
MERKUR	758	888	14,315	8,974
MITSUBISHI	5,438	3,601	49,436	49,734
Starion	612	402	5,792	4,841
Cordia	455	416	4,997	8,159
Tredia	896	803	9,449	10,902
Mirage	1,726	910	14,639	13,066
Galant	1,554	1,070	14,364	12,766
Van/Wagon	195	0	195	0
NISSAN	38,742	39,270	493,549	535,372
Sentra	7,852	9,586	158,892	179,220
Pulsar	5,789	3,668	47,350	49,816
Stanza	6,101	5,376	67,804	64,400
Maxima	9,325	8,751	112,756	99,051
200SX	3,325	4,411	45,952	65,789
300ZX	4,568	5,159	52,936	67,409
Hawaii	1,782	2,319	7,861	9,687
PEUGEOT	4,269	3,219	14,336	15,636
PORSCHE	3,547	2,484	30,471	25,306
924S	340	0	3,095	0
944	844	1,148	9,488	15,459
944S	485	0	806	0
944 Turbo	380	470	6,215	1,375
911 Coupe	577	430	4,485	4,457
911 Turbo	162	104	1,384	261
911 Cabriolet	338	104	2,215	1,172
928S	421	228	2,780	2,582
RENAULT	388	395	4,152	7,205
18i	388	112	2,760	2,301
Fuego	0	283	1,392	4,904
SAAB	3,677	3,412	47,414	38,243
900	704	1,011	13,869	11,353
900S	1,307	1,144	15,151	11,836
900 Turbo	775	658	8,627	14,259
9000 Turbo	891	599	9,767	795
Tourist	0	0	0	0
SUBARU	15,468	16,246	183,242	178,175
Hatchback	966	1,602	15,972	15,934
3 Door	1,224	1	12,032	1
4-Door Sedan	3,626	5,188	49,706	57,665
XT	1,709	1,838	23,947	14,464
Station Wagon	7,584	7,384	77,436	86,036
Brat	354	233	4,142	4,075
Justy	5	0	5	0
TOYOTA	71,359	53,745	633,874	620,047
Corolla	16,773	13,215	152,137	168,378
Tercel	8,894	5,342	76,914	88,841
Celica	10,106	10,120	106,731	80,480
Supra	3,924	1,180	33,823	23,569
Camry	17,112	12,366	151,767	128,132
Cressida	4,280	3,298	42,180	45,294
Land Cruiser	611	770	4,475	4,740
Van	2,659	1,934	21,936	32,631
4Runner SR 5	366	527	5,564	5,495
MR2	2,757	2,751	28,851	32,309
Hawaii	3,877	2,240	9,496	10,178
Other	0	0	0	0
VOLKSWAGEN	11,846	10,275	143,318	140,508
Cabriolet	1,224	915	14,275	12,637
Jetta	7,196	7,280	93,610	83,611
Vanagon	1,194	624	12,669	16,759
Quantum	1,352	857	11,880	13,953
Scirocco	881	599	10,884	13,548
VOLVO	2,140	4,321	113,267	104,267
240 Series	952	2,219	54,195	52,851
740 Series	815	1,498	46,578	37,164
760 Series	228	425	10,313	12,290
Tourist	145	179	2,181	1,962
YUGO	4,299	1,698	35,959	3,895
IMPORT TOTAL	322,315	258,408	3,239,805	2,839,168

Total includes trucks, domestic

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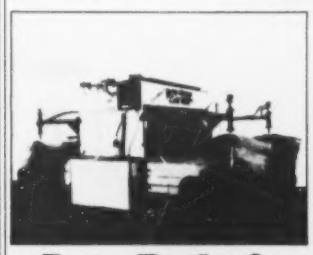

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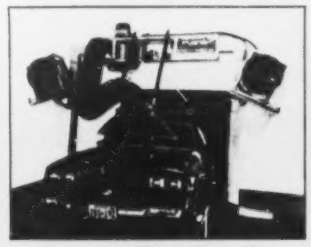

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AUCTION DATES

American Motors

Jan. 27 — High Point Auto Auction, High Point, N.C.

Jan. 28 — Columbus Fair Auto Auction, Columbus, Ohio, and Metro Milwaukee Auto Auction, Caledonia, Wis.

Jan. 29 — Evansville Auto Auction, Evansville, Ind., and Corry Auto Auction, Corry, Pa.

Jan. 30 — Floyd Hauhe Auto Auction, Bridgeton, Mo.

Chrysler Corp.

Jan. 27 — Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Jan. 28 — Southern Auto Auction, Warehouse Point, Conn.; Sand Mountain Auto Auction, Boaz, Ala.; and South Seattle Auto Auction, Kent, Wash.

Jan. 29 — Fredericksburg Auto Auction, Fredericksburg, Va.

Jan. 30 — Floyd Hauhe Auto Auction, Bridgeton, Mo.

Used Car Sales
Auction Averages

January to date	$5,891
Month ago	$5,129
Year ago	$4,833

Ford Motor Co.

Jan. 27 — South Seattle Auto Auction, Kent, Wash.

Jan. 28 — Columbus Fair Auto Auction, Obetz, Ohio, and Clanton's Auto Auction, Darlington, S.C.

Jan. 29 — Baltimore-Washington Auto Exchange, Baltimore; Houston Predelivery Center, Houston; Floyd Hauhe Auto Auction, Bridgeton, Mo.; and Albuquerque Auto Auction, Albuquerque, N.M.

Feb. 3 — Harrisonburg Auto Auction, Harrisonburg, Va., and Indianapolis Auto Auction, Indianapolis

Feb. 4 — Northway Auto Exchange, Clifton Park, N.Y.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Feb. 5 — Nashville Auto Auction, Nashville, Tenn., and Skyline Auto Exchange, Fairfield, N.J.

Model Breakdown
Auction Averages

	JAN 1987	DEC 1986	NOV 1986
1987	$13,158	$ 00	$ 00
1986	$12,058	$11,149	$11,299
1985	$7,526	$8,144	$8,286
1984	$6,035	$6,142	$6,186
1983	$5,200	$5,386	$5,420
1982	$3,854	$4,141	$4,190
1981	$2,918	$3,177	$3,244
1980	$2,117	$2,349	$2,387
Overall Average	$5,891	$5,129	$5,181

General Motors

Jan. 27 — Harrisonburg Auto Auction, Harrisonburg, Va.

Jan. 28 — Golden Gate Auto Auction, Fremont, Calif.; Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Jan. 29 — Aptco Auto Auction, Taylor, Mich.; Butler Auto Auction, Gibsonia, Pa.; Nashville Auto Auction, Nashville, Tenn.; and Southwest Auto Auction, Phoenix, Ariz.

AUCTION DIRECTORY

Display Rates: $88.00 per column inch (minimum space 1 inch on 1 column). Listing Rates: (Maximum: Four lines of type—1 time, $28.00; 13 times, $26.00; 26 times, $24.00; 52 times, $20.50. For Frequency Display Rates contact Classifieds, Automotive News, 1400 Woodbridge, Detroit, Mich. 48207. Phone (313) 446-6065. Closing: 12 days in advance.

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FLORIDA

Gulf Coast Auto Auction, 1319 61st Ave. E., Bradenton, Fla. 34203. 813-756-8478. Complete service fleet & lease accounts. Contact: J. Omar Landis, Henrietta Letty.

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ILLINOIS

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IMPORTED-CAR RETAIL OUTLETS

	Jan. 1, 1987		Jan. 1, 1986	
Imported cars only:				
Exclusives	3,497		2,974	
Duals	1,254		1,176	
		4,751		4,150
Import-domestic duals:				
Domestics with captive imports	9,767		9,836	
Domestics with other imports	2,451		2,406	
		12,218		12,242
Total imported-car dealers		16,969		16,392

Notes: Renault and Volkswagen are counted as domestics. Captive imports are Chevrolet Sprint and Spectrum; Chrysler Conquest; Dodge Colt, and Vista; Plymouth Colt, and Vista; Merkur.

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DEALERS

FROM PAGE 3

remained in third place.

Another important trend that continued last year was the shift to exclusive, one-make import dealerships. On Jan. 1, 20.6 percent of the outlets were exclusives, compared with 18.1 percent a year earlier. Mitsubishi, Hyundai and Acura, all new and growing dealer groups, are comprised entirely of exclusives. And, many importers who are trimming points are cutting duals while adding exclusives.

Honda, with 687, had the highest number of single-line dealers. Toyota remained in second place with 660, followed by Nissan with 593.

The on-paper addition of separate Chrysler Conquest franchises did a number of things statistically to the franchise count.

For one thing, it gave the domestic makers some 61.5 percent of the total number of import franchises through their captive makes. However, the captives account for considerably less than that percentage of either retail outlets or imported-car retail sales.

In fact, Merkur franchise trimming by Lincoln-Mercury and overall point trimming at Chevrolet actually reduced the number of dealerships selling the captive makes. However, there was an increase in the number of dealerships selling two or more independent imported makes or a combination of domestic and non-captive imported makes.

Another result of the Chrysler Conquest change was to give Japanese makes an an even-larger percentage percentage of all import franchises — 80.3 percent on Jan. 1, compared with 78.9 percent a year earlier.

West German-make franchises declined slightly during the year, but remained the second-largest block. West German makes accounted for 9.7 percent of the franchises on Jan. 1, compared with 11.7 percent one year earlier.

Sweden remained in third place, with 3.2 percent of the franchises, compared with 3.7 percent on Jan. 1, 1986.

British makes, spurred by the addition of Sterling and growth by three other makes, moved into fourth place with 2.1 percent of the franchises, compared with 1.6 percent at the same time last year.

The Italian share remained at 1.8 percent, while the French share dropped to 1.1 percent from 1.4 percent.

Yugoslavia accounted for nearly 1.1 percent, compared with 0.8 percent last year, while South Korea established a U.S. market beachhead with two-thirds of one percent.

IMPORT OUTLETS

1957 to 1987

Jan. 1, 1957	2,930
Jan. 1, 1958	11,409
Jan. 1, 1959	14,031
Jan. 1, 1960	14,674
Jan. 1, 1961	13,135
Jan. 1, 1962	11,894
Jan. 1, 1963	7,138
Jan. 1, 1964	5,249
Jan. 1, 1965	5,856
Jan. 1, 1966	6,013
Jan. 1, 1967	6,588
Jan. 1, 1968	7,156
Jan. 1, 1969	7,869
Jan. 1, 1970	8,311
Jan. 1, 1971	9,860
Jan. 1, 1972	12,375
Jan. 1, 1973	13,332
Jan. 1, 1974	11,246
Jan. 1, 1975	11,489
Jan. 1, 1976	10,414
Jan. 1, 1977	11,387
Jan. 1, 1978	17,374
Jan. 1, 1978	17,700*
Jan. 1, 1979	17,114
Jan. 1, 1980	16,919
Jan. 1, 1981	16,681
Jan. 1, 1982	11,270**
Jan. 1, 1983	10,011***
Jan. 1, 1984	10,096
Jan. 1, 1985	12,427
Jan. 1, 1986	16,392
Jan. 1, 1987	16,969

*—Alltime high

**—VW counted as domestic in 1982 and subsequent years.

***—Renault counted as domestic in 1983 and subsequent years.

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Sales jump 18% in Germany

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Europe's record 11.6 million new-car sales volume in 1986 was accomplished on the back of the booming West German industry.

While new-car sales elsewhere in western Europe improved 6.6 percent, the German market, Europe's largest and the third biggest in the world, grew 18.2 percent, according to industry estimates compiled by Automotive News.

New-car sales here reached an all-time record 2,813,000, up from 2,379,000 in 1985. Only the Spanish market, which expanded nearly 20 percent, grew faster.

Most industry analysts expect West German sales to fall slightly this year, perhaps to approximately 2.65 million.

The partial phase-out of tax incentives on cars equipped with catalytic converters that took effect this month helped boost December's sales by 53.5 percent. Most observers expect the same sales pace through 1987 as last year, but without the year-end upsurge.

In an interview with Automotive News, Daniel Goeudevert, Ford of Germany managing director, predicted that a further reduction in the tax incentive, which is scheduled for January 1988, will have a less dramatic affect on year-end sales

"The tremendous increase in December registrations will not be repeated next year," said Goeudevert. "But if we achieve 2.6 million it would be a great year."

Japanese automakers were the biggest beneficiaries of the expanding and unrestricted West German market, increasing their combined share from 13.1 percent to 14.8 percent. Japanese sales are restricted in France, Italy, Spain and the United Kingdom.

Toyota sales here rose nearly 50 percent, from 61,200 in 1985 to 91,300. Toyota's enormous gain in West Germany enabled it almost to match rival Nissan in overall European volume. Nissan finished with 3 percent of the market across Europe, up from 2.9, while Toyota notched 2.9 percent, compared with 2.6 percent in 1985.

More than 25 percent of Toyota's total sales in Europe were achieved in Germany. Its market share, the largest of any Japanese maker here, climbed from 2.6 percent to 3.2 percent, surpassing Renault. The French company's sales, bolstered by the falling franc against the German mark, grew 18.2 percent in West Germany.

West Germany's leading import was Peugeot S.A., according to industry sources, with sales of 131,500, a 34.3 percent increase. Fiat sales in West Germany rose 20.1 percent to 125,300.

Volkswagen Group maintained its leading market share at just under 29 percent. VW's Golf/Jetta represented nearly 15 percent of all new-car sales in West Germany.

Second-place Opel gave up some ground to the Japanese, slipping from 15.6 percent share to 15.1 percent, while increasing sales volume 14.2 percent.

Mercedes-Benz and BMW each lost share in their home market last year as lower-priced segments expanded. Mercedes held on to third place overall with a 10.7 percent sales gain and 10.8 percent of the market, down from an 11.5 percent share in 1985.

Specialist BMW fell from 6.7 percent of the market in 1984 to 6.1 percent in 1985 and dropped still farther to 5.2 percent last year. Volume at BMW was up only 2 percent in a total market that increased 18.2 percent.

However, the company improved its West German performance in recent months. Through the first three-quarters of 1986, BMW sales were down 2.8 percent from 1985.

The growth in West Germany followed two years of stagnation, while Spain overcame a decade-long sales slump in 1986. Spain, Europe's fastest-growing new-car market, went from 575,000 to 689,000 — eclipsing the previous record of 633,000 in 1977.

The Spanish market turned red-hot at midyear and continued to rise till year end.

EUROPE

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market share last year. Peugeot S.A., Renault, General Motors, Ford, BMW, Volvo and Austin Rover lost share in the record market, while Japanese leaders Nissan, Toyota, Mazda and Mitsubishi registered gains.

Nissan sales increased 13.8 percent to 348,900 cars, giving the company 3 percent of the European total. Rival Toyota jumped 22.4 percent to 336,200 and ended the year with 2.9 percent of the market.

Mazda climbed 16.8 percent to 237,700 and Mitsubishi 21.3 percent to 141,100.

Volkswagen Group rode the crest of the vibrant West German market, which grew by 18 percent to 2.81 million units in 1986. The Wolfsburg group maintained 28 percent of that country's market.

Volkswagen would have held the European sales lead last year even without acquiring a majority interest in Spanish automaker Seat. The VW marque alone represented 10.7 percent of European sales, up from 10.5 percent in 1985.

VW's Golf/Jetta accounted for 6.8 percent of Europe's new-car volume with 795,604 units.

Audi's share in Europe dropped from 2.5 to 2.3 percent, while sales increased 4.1 percent. But VW's prestige unit has been on the rampage since introducing the new Audi 80 (4000) last fall.

Seat sales were up 23.3 percent to 191,700, giving VW an additional 1.6 percent of the European market.

Fiat Auto boosted its share of the European market from 12.3 percent to 12.5 percent. Sales jumped 11.8 percent to 1,458,300 — the biggest surge of any European company.

Its share of the Italian market rose from 52.3 percent to 54.4 percent. With the acquisition of Alfa Romeo last fall, it now controls better than 60 percent of the market that reached 1.82 million units in 1986.

NEW-CAR SALES IN EUROPE

Country	12 mos., 1986	12 mos., 1985	Pct. change, 1986 vs. 1985
West Germany	2,813,300	2,379,300	+ 18.2
France	1,892,500	1,766,300	+ 7.1
United Kingdom	1,882,500	1,832,400	+ 2.7
Italy	1,823,900	1,744,400	+ 4.6
Spain	689,100	575,100	+ 19.8
Netherlands	563,000	495,500	+ 13.6
Belgium/Lux	428,300	389,600	+ 9.9
Switzerland	306,800	271,900	+ 12.8
Sweden	268,800	263,000	+ 2.2
Austria	254,800	242,700	+ 5.0
Denmark	168,100	156,600	+ 7.3
Norway	167,300	159,100	+ 5.2
Finland	142,700	137,400	+ 3.8
Portugal	106,000	91,700	+ 15.6
Greece	61,200	78,500	– 22.1
Ireland	56,800	59,500	– 4.7
TOTAL	11,625,100	10,643,000	+ 9.2

Alfa Romeo gives Fiat another 1.5 percent of the total European market and puts the Turin giant in a position to challenge VW for the sales lead this year.

Ford held on to third place with sales of 1,361,500, which was strong enough for 11.7 percent of Europe's market. Ford sales were up 7.4 percent but market share fell from 11.9 percent.

Peugeot S.A. finished fourth with 11.3 percent on sales of 1,315,600, a 7.3 percent increase over 1985. GM followed with 11.1 percent on sales of 1,287,100, a 6.2 percent increase.

Renault's share fell from 10.7 percent in 1985 to 10.6 percent. But the French government-owned automaker has been reclaiming market share since its slice of the European market dropped to 9.9 percent at midyear.

Renault sales for the year were 1,234,400, an 8.4 percent increase sparked by introduction of the R-21 sedan last spring and aggressed from 394,000 to 436,600.

Well over half of Mercedes' European sales increase of 42,600 was achieved in West Germany, where the luxury-car maker boosted sales by 10.7 percent.

BMW lost European share despite the strong home market. The Munich specialist saw its West German market share drop from 6.1 percent to 5.2 percent on an overall sales gain of 2 percent. Its European market share fell from 2.7 percent to 2.6 percent.

Volvo declined 9.6 percent in the Swedish market, losing ground to Saab. But European sales were up 5.1 percent as it registered gains in West Germany and the United Kingdom. Market share in Europe was off slightly, declining from 2.4 percent to 2.3 percent.

OBITUARIES

Arthur Stanton, 69, pioneer VW distributor

NEW YORK — Arthur Stanton, 69, chairman of World-Wide Volkswagen Corp., the first VW distributorship in the United States, died Jan. 20 while attending a dealer meeting in Hawaii.

Mr. Stanton founded World-Wide Volkswagen, the distributorship for New York, New Jersey and Connecticut, in 1954. He once remarked that the distributorship was established with a handshake.

Mr. Stanton was considered by many to be the founding father of VW in the United States. He imported the first Beetle into the country in 1949 and, according to Noel Phillips, president of Volkswagen of America, helped establish a legend.

From the small beginnings in 1954, he saw the distributorship grow to serve 100 dealers selling 46,000 cars in this area.

Bernard E. Platt

ROYAL OAK, Mich. — Bernard E. Platt, 68, retired Mack Trucks Inc. executive, died Jan. 19. He retired in 1983 as regional vice president of Mack Trucks in Detroit.

Frederick W. Hertrich Jr.

SEAFORD, Del. — Frederick W. Hertrich Jr., 72, founder and president of Hertrich Pontiac-Buick here, died Dec. 31. Mr. Hertrich was a former president of the Delaware Automobile Dealers Association.

Walter D. Appel

PONTIAC, Mich — Walter D. Appel, 95, retired automotive engineer, died Jan. 18. Mr. Appel was a former engineering executive at General Motors, Ford Motor Co. and Willys-Overland.

Canadian sales slated for Yugo this year

BELGRADE, Yugoslavia — Crvena Zastava, the Yugoslavian producer of the Yugo subcompact, will export 3,000 Yugo GV models to Canada beginning later this year, according to Tanjug, the official government news agency.

The contract for cars and spare parts is valued at $10 million by Tanjug, which said sales will start in the second half of 1987.

The news agency did not name the partners in the import program nor announce a pricing policy.

Car output edges up

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Domestic automakers scheduled production of 165,586 cars last week, 1.40 percent more than the previous week's 163,295 but 6.73 percent below the year-ago week's 177,528.

So far this year, 469,448 cars have been assembled, 19.48 percent below the 583,001 completed last year at this point.

Companies split last week's targeted production as follows: General Motors, 50.29 percent; Ford Motor Co., 25.63 percent; Chrysler Motors, 13.23 percent; Honda of America Manufacturing Inc., 4.42 percent; New United Motor Manufacturing Inc., 2.54 percent; Nissan Motor Manufacturing Co., U.S.A., 1.77 percent; Volkswagen of America, 1.21 percent; and American Motors, 0.91 percent.

GM has increased its number of indefinite layoffs by 3,000, to 27,000. The layoffs were a result of scheduled adjustments at various GM assembly and components plants.

GM's Leed's, Mo., plant will be idle this week (Jan. 26) until Feb. 2 because of a parts shortage.

GM's Lordstown, Ohio, plant resumed output today (Jan. 26). The plant was down last week for inventory adjustment.

GM's Arlington, Texas, plant remains down for installation of painting equipment. The plant is expected to resume production Feb. 16.

GM's Lakewood, Ga., facility will be idle until early May for model changeover.

Ford's Dearborn, Mich., and Chicago plants were slated for Saturday (Jan. 24) overtime.

Daily overtime is scheduled at all Ford car plants this week. Saturday (Jan. 31) overtime is slated at Ford's Lorain, Ohio, plant.

Chrysler scheduled daily overtime this week at its Belvidere, Ill.; Newark, Del.; and Sterling Heights, Mich., plants.

Truck production declines 2%

Last week's scheduled domestic truck production totaled 76,810 units, 2.16 percent below the previous week's 78,502 but 8.39 percent more than the year-ago week's 70,865.

Year-to-date, 229,654 trucks have been assembled, 3.62 percent below the 238,275 built last year at this point.

General Motors' Baltimore plant was scheduled for overtime Saturday (Jan. 24).

Ford Motor Co., slated Saturday overtime at its Wayne, Mich., and Kansas City, Mo., plants.

All Ford truck plants are scheduled for daily overtime this week (Jan. 26).

Ford's Twin Cities, Mo., and Norfolk, Va., plants are slated for overtime next Saturday (Jan. 31).

Canadian assemblies on the rise

Canadian car makers targeted production of 21,224 units last week, 25.57 percent more than the previous week's 16,902 and 1.37 percent more than the year-ago week's 20,937.

So far this year, 54,941 cars have been assembled, 17.32 percent below the 66,448 completed last year at this point.

Truck production was pegged at 16,732 units last week, 4.11 more than the previous week's 16,071 but 11.71 percent below the year-ago week's 18,951.

Year-to-date, 48,697 trucks have been built, 22.94 percent below the 63,191 assembled last year at this time.

General Motors' Ste. Therese, Quebec, plant, resumed output of the Oldsmobile Cutlass Supreme and Pontiac Bonneville and Grand Prix last week.

The plant had been idle for two weeks for inventory adjustment.

CANADIAN CAR	Week Ended Jan. 24, 1987	Week Ended Jan. 25, 1986	Week Ended Jan. 17, 1987	Jan. to Date	Jan. 1 to Jan. 25, 1986	Jan. 1 to Jan. 24, 1987
AMERICAN MOTORS	150	383	153	453	1,227	453
FORD MOTOR	11,469	11,520	11,250	33,757	38,610	33,757
GENERAL MOTORS	9,280	8,809	5,198	19,788	25,874	19,788
HONDA	100	0	76	245	0	245
VOLVO	225	225	225	698	737	698
Total Cars, Canada	21,224	20,937	16,902	54,941	66,448	54,941

U.S. TRUCK☆	Week Ended Jan. 24, 1987	Week Ended Jan. 25, 1986	Week Ended Jan. 17, 1987	Jan. to Date	Jan. 1 to Jan. 25, 1986	Jan. 1 to Jan. 24, 1987
CHEVROLET	22,495	25,395	22,922	67,603	84,536	67,603
DODGE	4,200	0	4,641	12,707	0	12,707
FORD	32,815	29,019	32,876	97,664	95,975	97,664
GMC	7,680	6,855	7,560	22,129	24,529	22,129
NAVISTAR	1,543	1,485	1,602	4,614	4,972	4,614
JEEP	4,039	5,248	4,837	12,730	19,634	12,730
NISSAN	1,688	813	1,714	5,157	1,457	5,157
AM GENERAL*	50	50	50	150	172	150
MISCELLANEOUS*	2,300	2,000	2,300	6,900	7,000	6,900
Total Trucks, U.S.	76,810	70,865	78,502	229,654	238,275	229,654

CANADIAN TRUCK	Week Ended Jan. 24, 1987	Week Ended Jan. 25, 1986	Week Ended Jan. 17, 1987	Jan. to Date	Jan. 1 to Jan. 25, 1986	Jan. 1 to Jan. 24, 1987
AMERICAN MOTORS	625	0	636	1,869	0	1,869
CHRYSLER	8,964	9,219	9,150	27,227	31,021	27,227
FORD	3,648	3,495	3,539	10,420	12,059	10,420
GENERAL MOTORS	3,296	6,068	2,547	8,581	19,543	8,581
NAVISTAR	199	169	199	600	568	600
Total Trucks, Canada	16,732	18,951	16,071	48,697	63,191	48,697
N. American Trucks	93,542	89,816	94,573	278,351	301,466	278,351

☆—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended Jan. 24, 1987	Week Ended Jan. 25, 1986	Week Ended Jan. 17, 1987	Jan. to Date	Jan. 1 to Jan. 25, 1986	Jan. 1 to Jan. 24, 1987
AMERICAN MOTORS	1,500	2,823	1,500	3,000	2,750	3,000
Renault Total	1,500	2,823	1,500	3,000	2,750	3,000
Alliance	1,500	2,378	1,500	3,000	2,375	3,000
Encore	0	445	0	0	375	0
CHRYSLER MOTORS	21,900	32,008	28,333	72,752	102,820	72,752
Plymouth Total	8,700	9,177	10,691	27,973	29,890	27,973
Horizon	3,200	3,043	4,091	10,684	10,861	10,684
Sundance	1,500	0	2,355	5,815	0	5,815
Reliant	3,000	4,481	2,932	8,287	13,975	8,287
Caravelle	1,000	1,399	1,313	3,187	4,393	3,187
Gran Fury	0	254	0	0	661	0
Chrysler Total	4,900	11,975	6,131	15,622	37,132	15,622
Laser	0	1,051	0	0	3,521	0
LeBaron K	1,500	2,913	1,942	5,040	9,195	5,040
LeBaron J	1,400	0	1,470	3,940	0	3,940
LeBaron GTS	500	2,500	781	2,022	7,614	2,022
New Yorker/E-Class	1,400	1,756	1,938	4,620	5,202	4,620
Fifth Avenue	0	3,755	0	0	11,600	0
Dodge Total	8,400	10,856	11,511	29,157	35,798	29,157
Daytona	800	1,044	736	2,079	3,530	2,079
Omni	2,800	3,153	3,564	9,337	10,897	9,337
Shadow	1,400	0	2,202	5,376	0	5,376
Aries	1,900	2,479	3,044	7,355	8,003	7,355
Dodge 600	1,000	1,727	1,315	3,217	5,470	3,217
Lancer	500	1,939	650	1,793	6,419	1,793
Diplomat	0	514	0	0	1,479	0
FORD MOTOR	42,446	35,695	43,334	126,288	113,598	126,288
Ford Division	29,595	24,161	29,608	86,768	76,731	86,768
Escort	7,488	7,879	7,931	22,629	26,417	22,629
Mustang	4,887	4,166	4,202	13,678	13,558	13,678
Tempo	4,158	4,687	4,169	12,293	14,716	12,293
Taurus	10,692	3,764	10,718	30,742	9,828	30,742
Thunderbird	2,360	3,665	2,588	7,426	12,212	7,426
L-M Division	12,851	11,534	13,726	39,520	36,867	39,520
Mercury Total	9,191	7,851	9,657	27,877	24,642	27,877
Lynx	1,227	1,571	1,337	3,810	5,130	3,810
Capri	0	384	0	0	1,680	0
Topaz	1,335	1,581	1,373	3,989	4,946	3,989
Cougar	3,497	2,434	3,853	11,075	7,996	11,075
Sable	3,132	1,881	3,094	9,003	4,890	9,003
Lincoln Total	3,660	3,683	4,069	11,643	12,225	11,643
Continental	369	408	404	1,164	1,492	1,164
Lincoln	2,743	2,766	3,052	8,730	9,174	8,730
Mark VII	548	509	613	1,749	1,559	1,749
GENERAL MOTORS	83,295	97,575	73,700	220,839	330,419	220,839
Buick Total	16,992	15,571	14,276	43,337	58,207	43,337
Skyhawk	2,233	1,696	2,074	4,307	6,478	4,307
Century	4,437	5,464	4,377	13,462	20,760	13,462
Regal	1,844	1,161	0	1,844	3,006	1,844
Somerset/Skylark	2,225	2,183	2,237	6,653	7,125	6,653
LeSabre (fwd)	2,284	1,616	2,125	7,088	4,815	7,088
LeSabre/Electra (rwd)	384	218	0	2,157	787	2,157
Electra (fwd)	2,717	2,842	2,647	5,364	13,826	5,364
Riviera	868	391	816	2,462	1,410	2,462
Cadillac Total	7,954	6,492	7,739	21,820	19,233	21,820
Cimarron	548	408	452	1,632	1,494	1,632
Allante	60	0	44	132	0	132
Brougham (rwd)	1,680	1,449	1,651	4,998	2,853	4,998
DeVille (fwd)	4,000	4,042	3,832	10,359	12,272	10,359
Eldorado	409	364	559	1,454	1,532	1,454
Seville	1,257	229	1,201	3,245	1,082	3,245
Chevrolet Total	28,084	33,610	22,947	71,825	116,976	71,825
Chevette	0	2,423	0	0	9,446	0
Camaro	3,095	5,030	0	3,095	16,741	3,095
Cavalier	5,082	9,578	8,107	20,637	32,398	20,637
Celebrity	7,893	5,461	8,716	24,902	20,127	24,902
Corsica/Beretta	4,446	0	4,053	11,429	0	11,429
Monte Carlo	1,840	2,688	0	1,840	9,231	1,840
Chevrolet	5,088	8,430	1,421	7,986	29,033	7,986
Corvette	640	0	650	1,936	0	1,936
Oldsmobile Total	16,379	24,001	15,828	43,876	80,629	43,876
Firenza	1,197	996	1,279	2,476	3,451	2,476
Calais	2,575	3,277	2,782	7,736	10,399	7,736
Cutlass Ciera	4,139	6,435	4,227	12,641	24,234	12,641
Cutlass Supreme	336	4,847	0	336	15,225	336
88 (fwd)	5,192	4,357	4,690	12,583	13,775	12,583
88 (rwd)	452	487	468	1,373	2,419	1,373
Olds 98	1,867	3,335	1,789	4,966	10,118	4,966
Toronado	621	267	593	1,765	1,008	1,765
Pontiac Total	13,886	17,901	12,910	39,961	55,374	39,961
Acadian*	0	226	0	0	535	0
Fiero	650	2,334	0	650	2,400	650
1000	0	654	0	0	2,040	0
Firebird	2,355	2,630	0	2,355	8,941	2,355
2000 Sunbird	0	2,859	2,837	5,676	9,954	5,676
Grand Am	5,210	4,396	5,038	15,373	14,747	15,373
6000	1,935	2,855	1,887	5,732	8,987	5,732
Bonneville	3,400	0	3,148	9,859	0	9,859
Safari/Parisienne	336	1,947	0	336	7,770	336
HONDA	7,315	3,844	7,315	21,469	12,544	21,469
Civic	4,270	0	4,336	11,087	0	11,087
Accord	3,045	3,844	2,979	10,382	12,544	10,382
NISSAN	2,930	1,787	2,930	8,787	7,187	8,787
NUMMI	4,200	1,900	4,202	12,332	6,100	12,332
Corolla	1,100	0	829	2,848	0	2,848
Nova	3,100	1,900	3,373	9,484	6,100	9,484
VOLKSWAGEN	2,000	1,896	1,961	3,961	7,653	3,961
Golf/GTI	1,750	1,896	1,731	3,481	7,653	3,481
Jetta	250	0	250	500	0	500
Total Cars, U.S.	165,586	177,528	163,295	469,448	583,071	469,448
Total Cars, Canada	21,224	20,937	16,902	54,941	66,448	54,941
N. American Cars	186,810	198,465	180,197	524,389	649,519	524,389
N. American Trucks	93,542	89,816	94,573	278,351	301,466	278,351
North American Cars and Trucks	280,352	288,281	274,770	802,740	950,985	802,740

*—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

AMC, UAW meet in bid to save Kenosha

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

American Motors officials met with union representatives from its Wisconsin plants last week in a last-minute attempt to negotiate changes in its labor contract and save its $250 million renovation and new-product plan for the Kenosha plant.

AMC must finalize a new union contract and necessary state funding before Jan. 30 to meet a Chrysler Motors deadline for transferring production of Omni and Horizon to Kenosha. On Jan. 17, members of UAW Local 72 in Wisconsin turned down AMC's request to reopen the 1985 contract.

Company representatives, including President Joseph Cappy, outlined AMC's plan for Kenosha last week. They met with leaders from Local 72, which represents 2,900 workers at Kenosha, and Local 75, which represents 350 workers at AMC's stamping and engine plant in Milwaukee. UAW regional and international officials also took part in the talks.

An AMC spokesman said the company is requesting changes in both the economic and work-rules sections of the 1985 contract in order to bring a new Jeep model and the Chrysler subcompacts to Kenosha. A new contract would cover only production of the new Jeep. Lower labor costs would enable AMC to take on the Chrysler work.

AMC last week also was waiting for approval of $200 million in loan guarantees by the Wisconsin Legislature to fund the Kenosha renovation plan.

Cappy met with Wisconsin Gov. Tommy Thompson and 25 state legislators last Wednesday (Jan. 21) to present AMC's plans for the plant.

A spokesman for the governor's office said legislative leaders are hoping to draw up a proposal that could be voted on by the legislature this week.

A spokesman for the governor said Thompson was "very optimistic" that the loan guarantee would be approved.

Chrysler Motors has said it would like to build 150,000 to 200,000 of the subcompacts annually for five years in AMC's Kenosha plant beginning this fall.

AMC already has a 2½-year contract to build Chrysler full-sized rear-wheel-drive M-body cars in Kenosha beginning in late February. AMC has said if the renovation is not approved, the Kenosha plant will close in 1989 when AMC phases out the Alliance and finishes the M-body contract.

Corrections

A story in the Jan. 12, 1987, issue of Automotive News erred in stating where 2.3-liter four-cylinder turbocharged engines for the 1986 model Ford Thunderbird were assembled. Those engines were produced at Ford's facility in Taubate, Brazil.

A story on Ford's Casting Division in the Dec. 29, 1986, issue incorrectly stated that Ford bought 40 percent of Intermet. Ford has a 40-percent interest in a joint venture with Intermet in New River Castings Co., Radford, Va.

Automotive News

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Fiat earns $1.5 billion, top European automaker

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Fiat Group amassed earnings of more than $1.5 billion last year, making it Europe's most profitable auto manufacturer.

The Italian company said 1987 financial results "will be at least in line with 1986." Cars and commercial vehicles account for approximately 75 percent of sales.

In his annual letter to shareholders last week, Fiat Group Chairman Giovanni Agnelli said the company has "reached an income level that puts us in a position of strength vis-a-vis the challenges we have set for ourselves and the inevitable cyclical scenarios that lie in store for us."

Fiat said it will report gross profit of more than 2 trillion lira ($1.57 billion at current rates) for 1986, up more than 50 percent from 1.326 trillion lira in 1985.

The group has not released its final net results, but it reported that operating profits climbed 12.5 percent to 2.550 trillion lira ($2 billion) even though group sales rose only 7 percent to 29.02 trillion lira ($22.8 billion).

Agnelli said 1986 sales should be viewed in light of a 22 percent drop in the value of the dollar in 1986, reduced inflation, less purchasing power among petroleum-exporting countries and decreased demand in the agricultural sector.

But he also cited strong European sales in several markets, notably the automobile sector.

"Achieving profits of over 2 trillion lira and reducing group indebtedness to around 1 trillion in spite of acquisitions and investments demonstrates Fiat's managerial and operational capacity that has developed over the last few years," Agnelli said.

Elsewhere in Europe, analysts expect the 1986 results that will be reported by the big German groups to be more adversely affected by the fading dollar. Volkswagen Group is expected to report the equivalent of about $300 million in net profits, and Daimler-Benz is expected to report that its 1986 profits matched its 1985 profits of 1.68 billion German marks ($933 million). Ford of Europe is expected to report net profits in the $650 million range.

By almost any standard, 1986 was a good year for Fiat. In addition to continuing a string of big profit gains since recovering from a late-1970s slump, Fiat:

- Bought Alfa Romeo, the Italian auto manufacturer.
- Formed a joint commercial vehicle venture between Iveco and Ford of Europe.
- Purchased a majority shareholding in Matra, the French automotive components manufacturer.
- Acquired a minority stake in Westland helicopters.
- Engaged in several other smaller manufacturing agreements and joint ventures.

In Europe, Fiat boosted share of the new-car market to 12.5 percent from 12.3 percent in 1985, according to industry estimates compiled by Automotive News.

Its car sales in western Europe jumped 11.8 percent to 1,458,300 — the biggest increase of any European company. Fiat is second to the Volkswagen Group in sales in western Europe.

Fiat said its auto production in Italy grew 20 percent to 1,526,000 units.

Fiat even succeeded in buying back for $3 billion the 15 percent of its stock held by Libya.

That move led to the only real blemish on Fiat's 1986 record. The subsequent unloading of $2.1 billion of Fiat S.p.A. stock on the international equity market led to huge losses for underwriters and a temporary decline in Fiat's stock price.

"We can say with great satisfaction that our shares are now present in many areas and markets and are held by every type of investor," Agnelli said.

Though financial results for individual group sectors were not released, Fiat Auto sales rose 13.8 percent to 16.4 trillion lira ($12.9 billion). The company held 54.3 percent of the Italian new-car market, up from 52.3 percent the year before.

Commercial-vehicle sales increased marginally to 5.450 trillion lira ($4.28 billion) from 5.394 trillion lira. Iveco unit sales fell 4.5 percent to 94,657, but the figure does not reflect sales by Iveco Ford Truck Ltd., which will be consolidated beginning this year.

Sales in Fiat's component business improved 11 percent to 3.679 trillion lira ($2.89 billion).

Overall group investment jumped 94 percent to 2.780 trillion lira ($2.18 billion), including 1.1 trillion ($865 million) for acquisition of Alfa Romeo fixtures and plants as part of the takeover of the Italian company.

Meanwhile, net indebtedness dropped 55 percent to 1.050 trillion lira ($825 million). Research and development expenses totaled 920 billion lira ($723 million), up from 820 billion lira in 1985.

Group employment rose from 226,222 in 1985 to 228,450, while the number of workers on layoff was reduced from 8,670 to 2,670.

Porsche revives study of model under $20,000

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

STUTTGART, West Germany — Porsche AG has an entry-level 984 sports-car study underway, but plans for the sub-$20,000 model have not been approved, according to Chairman Peter Schutz.

Related stories on Page 212

The mid-engined, two-seater program, previously dubbed 919/921, reportedly has been under serious debate recently at corporate headquarters here.

"We do continually dream and plot and plan to come up with a sports-car concept that would be more affordable," said Schutz. "That's a tough one, but we'll keep trying."

According to Schutz, the 984 "is a study of that type, but it is not really a project. I wish it were."

But he said no final decision has been made on the 984.

"Right now we don't see any way by conventional means to build a car like that for under $20,000 without getting into quantities that go beyond the Porsche concept," he said. "We're not going to build a Mazda or something, because you already have those things."

Porsche was reported to have abandoned the 984 project early in 1986, but the project was revived last summer.

The company is said to be considering a Volkswagen-assembled car powered by either a modified 16-valve version of the Porsche-designed four-cylinder 1.5-liter Seat engine, or a 1.8-liter-to-2.2-liter air-cooled four-cylinder powerplant put together from existing Porsche components.

Speculation has centered on production of the 984 at Volkswagen's plant in Hannover, West Germany, after the VW Type 2 is phased out in about three years.

But the current weak dollar against the German mark is proving a detriment to the program. Besides lowering margins on a relatively low-priced car, the currency rate is depressing corporate profits and reducing the development funds available for an all-new vehicle.

Fresh look for Volvo 480
The small design team of Volvo Car BV in the Netherlands has produced this cabriolet version of the new 480 coupe. The car was due to be displayed at the Amsterdam auto show which opens Thursday, but the company withdrew the entry because of what it called "other priorities." There are no known production plans so far. The 2 + 2 cabriolet features a roll bar and a high rear deck into which the soft top can be folded. The coupe version of the front-drive 480 makes its U.S. debut this spring.

Luxury shakeout seen

Europeans may be too bullish on U.S.

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — A major shakeout may be on the horizon for European automakers seeking a niche in the American luxury-car market.

Despite ambitious end-of-decade sales targets set by several manufacturers, many industry observers say U.S. prestige segments cannot absorb all the Europeans.

"Not everyone can pile in and continue to make money," said John Wormald, an industry analyst at Booz, Allen & Hamilton's London office.

"They've done exceedingly well, but all good things must come to an end," added Peter Dupont of Phillips and Drew, a London brokerage house. "There's not room for everybody."

French, British and Italian carmakers are hoping to emulate the success of German and Swedish companies in satisfying American demand for exclusive European marques.

But the U.S. luxury/executive class market would have to grow even beyond the most optimistic projections if Austin Rover, Alfa Romeo-Lancia, Peugeot, Renault, Ford of Germany's Merkur and, perhaps, Adam Opel and Citroen, were to realize sales goals for the early 1990s.

At the same time, four established U.S. luxury importers, Mercedes-Benz, BMW, Volvo and Saab, are adding production capacity. Along with Audi, Jaguar and Porsche, they are counting on at least moderate U.S. growth in the next three-to-four year period.

Meanwhile, the same market is being targeted by U.S automakers and the Japanese. The Japanese are being forced into more profitable segments because of low-cost competition from Korea, Taiwan, Brazil and Mexico; new pressure to further reduce United States shipments; the strong yen, which makes competitive pricing for Japanese mass market cars more difficult.

According to J.D. Power and Associates, luxury-car sales in the United States have nearly doubled since 1980 to 1.2 million. Sales are expected to grow to almost 1.5 million in 1990.

If European companies maintain their current share of about 43 percent, it would put their volume at 645,000 by the end of the decade. That number presupposes the Europeans can hold their own in

see SHAKEOUT, page 216

GM halts CVT work as others move ahead

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — General Motors has suspended development of its continuously variable transmission system and may have given up on CVT altogether.

The decision to "defer" development coincides with Fuji's introduction of a CVT option on the Subaru Justy in Japan and Ford's recent announcement of plans to begin offering its own version in Europe this summer.

A Ford spokesman said that a CVT option for the United States market "is in the discussion stage."

After spending a reported $180 million to prepare for CVT production at its Strasbourg, France, plant, GM said the system's precision parts — a pulley and steel belt — have proven unsatisfactory.

The company said last week it is "still interested in CVT, but the development program was deferred due to the non-availability of an acceptable belt and pulley. Obviously, when a belt and pulley is determined to be acceptable GM will proceed with the development of CVT."

But a GM-Europe source last week indicated that the automaker is more interested in seeing how Ford, Fiat and Subaru fare in the marketplace with CVT systems before it revives its own program.

"Even if CVT development were continued, Opel and GM in Europe would have to decide if it is something they want to have in their cars," he said. "We want to see if there is a market for it."

GM has been involved in development with CVT specialist van Doorne Transmissie, of the Netherlands, since the 1970s. Van Doorne, which also helped develop the Ford, Fiat and Subaru systems, is 49 percent owned by MIP, a holding company controlled by the Dutch government.

Some GM engineers, particularly those at Opel, have never masked their lack of enthusiasm for the van Doorne CVT, which was scheduled for introduction in 1985 but never reached the marketplace.

The system reportedly involves sophisticated electronic controls for gearboxes mated to 1.6-liter to 2-liter engines, compared with mechanical controls for gearboxes for 1-liter to 1.6-liter engines developed by Van Doorne, Fiat and Ford. Subaru's electronically controlled unit, known as ECVT, is suitable for torque from engines up to 1 liter.

But GM-Europe said its parent firm's Hydramatic Division, which is responsible for transmissions, remains dissatisfied with the level of torque the belt can handle.

"They leaned back on the program a while ago because of the pulley problem," said the GM-Europe insider. "I don't know if they are going to push it again." There have been reports that Adam Opel, GM's engineering base in Europe, is developing a more conventional automatic transmission.

But even as GM's CVT program appeared to bite the dust last week, Ford of Europe announced that it will offer its own system as an option on 1.1-liter Fiesta models this summer. The gearbox is rated for engines up to 1.6 liter and may be fitted on certain Escort models later.

Ford's system, dubbed Continuously-Variable Transaxle (CTX), operates without conventional gear wheels and torque converter.

The appeal of the CVT is that it provides the fuel economy of a manual transmission without acceleration jerks and with little performance loss compared with a manual gearbox.

Though several of the major components of CTX (castings and differentials) are manufactured by Ford, the system will initially be produced in low volume on a subcontract basis by Volvo Car BV, of the Netherlands, for van Doorne. The transmissions will be supplied to Ford and Fiat for installation in vehicles.

Ford will later transfer production to its own plant in Bordeaux, France, where Ford has invested $120 million in CTX tooling and plans to build "sufficient volume to meet Ford's European needs, including fitment to higher-powered models, as well as those of Fiat and other vehicle manufacturers."

CTX output is expected to total 10,000-20,000 in 1987.

Chrysler tag for LeBaron is $11,295

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

POINT CLEAR, Ala. — The 1987 Chrysler LeBaron coupe, designed to help Chrysler Motors carve out a niche in an upscale, luxury market, will carry a base retail price of $11,295.

The car is being shipped to dealerships and is expected to be available nationally in February.

"In addition to being a nice high-margin car for us, the new LeBaron is going to be a great image booster," said Chrysler Motors President Harold K. Sperlich at a press preview of the Chrysler LeBaron and Dodge Daytona here.

"It will typify and help lead the upscale/luxury image we are trying to carve out for our Chrysler brand," Sperlich said of the LeBaron.

Retail prices of Dodge Daytona models were also announced during the preview. The Dodge Daytona has a base retail price of $9,799; the Daytona Shelby Z carries a base sticker of $12,749, and the Daytona Pacifica will be offered at a base price of $13,912.

"LeBaron will be jockeying for position in the mid-specialty coupe race with entries like Olds Cutlass Supreme, Ford Thunderbird and Toyota Celica," Sperlich said. "The field may be crowded, but we think LeBaron's got the legs to make a very strong showing."

LeBaron coupe: "A great image booster"

Sperlich said LeBaron will gain sales strength because it is the only front-wheel-drive car in the mid-specialty coupe segment.

LeBaron's $11,295 base sticker compares with $11,539 for the Cutlass Supreme, $13,028 for the Thunderbird and $10,598 for the Celica.

Chrysler Motors has not announced the price of the LeBaron convertible, which will be introduced in the spring.

The LeBaron and Daytona will be assembled at Chrysler's St. Louis No. 1 plant in Fenton, Mo.

Bernard I. Robertson, Dodge general product manager, said Chrysler expects the models to be "volume-limited" in the 1987 model year.

"We didn't start production until November and we've been on a typical new-model acceleration curve through Christmas," Robertson said.

Plant capacity is 240,000 units annually.

"Broadly speaking, the LeBaron will outnumber the Daytona two-to-one," Robertson said of the production schedule.

Thomas C. Gale, Chrysler Motors vice president — product design, said the LeBaron convertible will be the only mid-specialty convertible designed and built from scratch as a convertible.

"We did at first look at cutting the top off the LeBaron coupe," Gale said. "However, the resulting detail execution wasn't good enough if we were going to be serious about maintaining convertible leadership."

DODGE: *Shelby assigned a more important role in building division's performance image*

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

POINT CLEAR, Ala. — Dodge will bolster its performance image in the marketplace by increasing the use of Carroll Shelby's name on future production vehicles.

The move is part of Chrysler Motors' thrust to set up individual identities for the Dodge, Plymouth and Chrysler brands. The company links Dodge with performance, Plymouth with value and Chrysler with luxury.

For 1987, Dodge has positioned the Shelby Z Daytona and the Daytona Pacifica as the lead image vehicles for its entire lineup.

Bernard I. Robertson, Dodge general product manager, said Chrysler Motors' relationship with Shelby will expand.

"Any time we have the opportunity to do a car which provides a lot of performance at an affordable price and has the feel of the kinds of cars Carroll Shelby likes to drive, we're going to put his name on them," Robertson said. "That's why we've brought the name back on the Shelby Z Daytona."

Shelby is a consultant to Chrysler Motors and is also head of Shelby Automobiles, an independent company that produces low-volume performance versions of Dodge vehicles and sells them through a chain of 91 Shelby dealers dualed with Dodge franchises.

"We work closely with Carroll to achieve maximum synergy between the cars we're building in production and the cars he's modifying on the West Coast," Robertson said. "Our goal is to make available to Carroll hardware which we are either working on or contemplating putting on our production vehicles.

"He can put that kind of hardware out on the street in low volume and basically get a feel for the impact it has on the marketplace," Robertson said.

Chrysler is currently working with Shelby, as well as others, to develop four-wheel-drive vehicles, but has no production plans, Robertson said.

Shelby is also involved in Chrysler's exploration of a 16-valve engine, as are Maserati and Lotus.

"We're trying to decide what best fits our various images and what best fits the customer's needs," Robertson said. "There is a lot of cost and complexity in 16 valves."

Robertson also said Dodge's first application of an anti-lock braking system will be offered in the 1988 model year.

Incentive wars: Ford, Chrysler up the ante

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. and Chrysler Motors Corp. followed General Motors' lead last week by increasing the retail incentive ante.

Ford, which had the weekend to study the GM double whammy of a 6/60 warranty plus cash rebates and optional-equipment discounts on selected models, responded on Monday by matching GM's warranty.

Ford also announced a new schedule of annual-percentage-rate finance incentives plus option-package rebates.

Chrysler, which had initiated its own program prior to the GM announcements, sweetened the pot to make its incentives more competitive.

The Ford program, which requires dealer participation, became effective Jan. 23 and runs until March 23 for trucks and until March 31 for cars.

It provides for 3.9 APR financing for up to 24 months, 5.9 APR for up to 36 months, 6.9 APR for up to 48 months and 9.9 APR financing on contracts up to 60 months.

Dealer-stock vehicles covered by the APR incentives include 1986 and 1987 Escort, Tempo, Mustang, Ranger, Bronco II, Lynx and Topaz models, plus 1986 Merkur XR4Ti models.

In addition, Ford offered a $600 rebate on covered cars with a manual transmission and a $300 rebate on cars with an automatic transmissions.

On compact trucks, buyers can choose low-APR financing or a $500 rebate on Ranger and a $600 rebate on Bronco II.

The Chrysler program began Jan. 27 and has no expiration date. It offers 3.7 APR financing for 24 months, 5.9 APR for 36 months, 6.9 APR for 48 months and 9.9 APR for 60 months.

Alternative cash rebates are $500 on 1986 and 1987 Charger/Tourismo, Dodge 600/LeBaron sedans, Lancer/LeBaron GTS, Caravelle, standard Dodge pickups, Dodge Ram 50 and Power Ram 50 mini-pickups and the Dodge Dakota pickup.

Some imported Colt models are eligible for either the APR financing or a $300 rebate.

Carryover 1986 Daytona/Laser models are eligible for APR or a $750 rebate. Chrysler is offering a financing/$1,000-rebate option on 1986 and 1987 Lancer ES and LeBaron GTS premium models and on Chrysler New Yorker and Dodge Ramcharger.

Aries and Reliant 1986 and 1987 models carry low financing plus a $600 rebate or a $900 rebate without APR financing.

Long warranty seen trimming dealer profits

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

General Motors and Ford Motor Co. officials say their extended warranties will spur new-car sales in the long term, but there is some concern in the industry that the programs may reduce profits in other departments of auto dealerships.

Among them are the sale of service contracts and rustproofing and profits on general service work.

The 6-year/60,000-mile warranties are new for GM and Ford.

News Analysis

Chrysler Motors has had a 5/50 warranty since 1983, but Chrysler service officials were reluctant to discuss past experience.

GM increased its domestic new-car warranty two weeks ago, and Ford matched GM last week. Both companies now have a 6-year/60,000-mile warranty on the powertrain and a 6-year/100,000-mile warranty against corrosion damage.

Although there are some differences in the two warranties — Ford's imported models are included and the company offers longer coverage for luxury cars on certain major vehicle components — both policies are essentially the same.

Until last month, Chrysler had been the most aggressive warranty marketer in the industry with its 5/50.

As a result of the GM and Ford action, Chrysler has had to adjust ads and commercials which claimed its powertrain coverage is the best in the industry.

At a new-car preview in Alabama last week, Harold K. Sperlich, Chrysler Motors president,

see WARRANTY, page 248

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Ford of Europe to design Tempo/Topaz replacement

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Development of the next-generation Tempo/Topaz has been assigned to Ford of Europe's design and engineering staff, according to company sources.

The new car will share a platform with the successor to the European Ford Sierra compact. Both models debuted in 1982 and are due to be replaced in the early 1990s.

Ford is turning to Europe for the next Tempo under a "global" car strategy that is an update of the company's "world car" ambitions of the 1970s.

The new global concept allows for regional marketing capability by tailoring vehicle packages for specific world markets. A European car, for example, would retain handling and suspension refinements targeted at local buyers.

But the concept relies on common platforms and interchangeable parts sourced throughout the world. Such projects are seen as a way to reduce product design and development costs and are believed to be a cornerstone of Ford's clean-sheet Alpha program for reducing manufacturing costs.

Production plans for the compact car have not been settled. But Ford's global framework calls for body and assembly operations on the continent in which they are sold.

International platforms are seen as the first step in the development of a fully global engineering-manufacturing-purchasing organization previewed for the mid-1990s.

Both Tempo and Sierra are at roughly the mid-point for their product lives. In Europe, the Sierra has just been re-skinned and the Tempo will get a facelift in North America for the 1988 model year.

Philip E. Benton, executive vice president — International Automotive Operations, told Automotive News several months ago that Europe will be involved in Ford's global car development plans. He said Ford of Europe's engineers most likely will do the next Tempo, since "that size has been so important to them" and "the Sierra has been their lifeblood."

Ford reportedly was set to involve Alfa Romeo in its Sierra replacement program before Fiat won control of the Italian automaker last fall with a competing bid.

Under Ford's scheme for Alfa Romeo, the program would have produced a version of an early 1990s Sierra successor at Alfa Romeo's plant in Pomigliano, Italy. The car would have been built with 80 percent "global" content and 20 percent Alfa componentry and styling geared for the European market.

According to various reports, Ford's Japanese partner, Mazda, has been given design and development responsibility for the company's Escort successor, though it is unclear what role Ford of Europe will play in the worldwide Escort program.

Ford has confirmed that its European staff, rather than Mazda, will build the next-generation Fiesta. But according to recent reports, that car could be moved into the Escort class in Europe, while the next B-car here comes off the Mazda-designed Festiva minicar platform.

Diesel-car sales plunge 56%; '86 total is 40,585

SALES OF DIESEL-POWERED NEW CARS IN THE U.S.

	1986 Sales	Percent Share of Diesel Market	1985 Sales	Percent Share of Diesel Market	1984 Sales	Percent Share of Diesel Market	1983 Sales	Percent Share of Diesel Market	1982 Sales	Percent Share of Diesel Market	1981 Sales	Percent Share of Diesel Market
Buick	0	—	666	0.74	3,379	2.17	11,121	6.32	30,417	9.71	48,627	9.52
Cadillac	0	—	1,279	1.37	1,560	1.00	3,984	2.27	16,939	5.40	40,241	7.88
Chevrolet	0	—	1,857*	1.99	11,452*	7.36	4,877	2.77	27,549	8.79	27,600	5.40
Oldsmobile	0	—	N.A.	—	15,106	9.71	33,174	18.86	75,482	24.08	155,859	30.52
Pontiac	0	—	0	—	874	0.56	2,288	1.30	6,312	2.01	32,633	6.39
GM	0	—	3,824	4.10	32,371	20.80	55,444	31.52	156,699	49.99	304,960	59.71
Ford Motor Co.	7,000*	17.24	15,199*	16.28	35,352*	22.72	3,100	1.76	—	—	—	—
VW	14,630	36.05	28,548	30.58	22,468	14.44	29,844	16.97	59,887	19.11	118,585	23.22
Audi	0	—	0	—	13	0.01	6,144	3.49	7,415	2.37	6,434	1.26
VWoA	14,630	36.05	28,548	30.58	22,481	14.45	35,988	20.46	67,302	21.48	125,019	24.48
Mercedes-Benz	14,329	35.30	33,077	35.44	38,887	24.99	54,044	30.73	52,051	16.61	49,354	9.67
Peugeot	1,609	3.97	2,053	2.20	4,104	2.64	5,454	3.10	9,637	3.07	14,341	2.81
Volvo	2,150	5.30	9,065	9.71	9,074	5.83	7,436	4.23	7,405	2.37	1,954	0.38
Nissan	0	—	0	—	4,063	2.61	5,894	3.35	8,836	2.82	4,683	0.92
Toyota	867	2.14	1,524	1.63	8,348	5.37	2,220	1.26	—	—	—	—
Isuzu	0	—	55	0.06	915	0.59	6,317	3.59	11,477	3.66	10,368	2.03
Diesel Total	40,585	100.0	93,345	100.00	155,595	100.00	175,897	100.00	313,407	100.00	510,679	100.00
Total U.S. new-car sales	11,454,468	—	11,043,768	—	10,393,230	—	9,181,036	—	7,978,177	—	8,532,672	—
Diesel percent of total U.S. car sales	0.35	—	0.85	—	1.50	—	1.92	—	3.93	—	5.98	—

*Production for model year.

By Scott Miner
AUTOMOTIVE NEWS STAFF REPORTER

Sales of diesel-powered cars continued to decline in 1986, dropping 56.52 percent from the 1985 figure.

Last year's total was 40,585, compared with 93,345 in 1985.

Demand for automotive diesels has plummeted since reaching a high point of 510,670 in 1981. Sales have decreased each year since then.

In 1983, there were nine automakers with 15 car divisions selling diesel-powered cars. In 1986, only six automakers with seven divisions sold diesel cars.

General Motors dropped out of the diesel-car market for 1986. In 1981, it had nearly 60 percent of the market with 304,960 diesel sales. Its sales dropped steadily through 1985 when it sold 3,824 units, representing only 4.10 percent of the market.

The marketers of diesel-powered cars are Ford Motor Co., Volkswagen of America, Mercedes-Benz of North America, Peugeot Motors of America, Volvo of America Corp. and Toyota Motor Sales U.S.A.

Spokespersons for the diesel-carmakers attributed most of the sales decline to the fact that the price of gasoline has declined while the price of diesel fuel has stayed at a comparably high level.

Volkswagen took 36.05 percent of the 1986 diesel market, selling 14,630 units. That was 48.72 percent below its 1985 total of 28,548 units.

VW's heyday for diesel sales came in 1981 when it sold 125,019.

Mercedes-Benz was a close second to VW last year, with 14,329 sales or 35.30 percent of the market. Its diesel sales fell 56.67 percent from the 33,077 sold in 1985.

In 1983, Mercedes sold 54,044 diesel units — its record.

Ford was third in diesel volume in 1986, with 7,000 units and 17.24 percent of the market. Its sales dropped 53.94 percent from 1985's 15,199 units.

Ford reached its diesel sales high in 1984 when it sold 35,352 such cars and captured 22.72 percent of the market.

A spokesman said Ford's diesel sales last year were rounded. He said the company does not actively monitor diesel sales because they are so low.

Volvo sold 2,150 diesels last year, for 5.30 percent of the market. That was down 76.27 percent from 9,065 in 1985.

Peugeot sold 1,609 diesel cars in 1986, for 3.97 percent of the market. Its sales were down 21.63 percent from the 2,053 sold in 1985.

Toyota sold only 867 diesels last year, for 2.14 percent of the market. Toyota has sold diesel autos only since 1983. Toyota reached its high mark in 1984 when it sold 8,348 units.

Japan's Hino buys parts from Taiwan

TOKYO — Hino Motors Ltd. will import about $310,000 worth of parts from Taiwan in fiscal 1986, which ends in March.

The Taiwanese suppliers are said to be Goshen Industries Inc., Tsuang Hine Corp. and Tatung Die Casting Co., and the parts include aluminum die casting brackets, leather seats and seat frames to be used in buses.

Hino, which is associated with Toyota Motor Corp., is expected to increase parts imports to $1.9 million by 1989. Hino produces about 70,000 trucks and 6,000 buses annually.

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